FISCAL YEAR 2021 2022

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City of McKinney, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022

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Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2022

As Prepared By

Financial Services

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City of McKinney, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
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Introductory Section

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February 15, 2023

Honorable Mayor and City Council,
City Manager,
Citizens of McKinney:

The Annual Comprehensive Financial Report (ACFR) of the City of McKinney, Texas (the City), for the fiscal year ended September 30, 2022, is hereby submitted in accordance with Section 46 of the City Charter.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver & Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of McKinney's financial statements for the year ended September 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

CITY OF MCKINNEY PROFILE

The City of McKinney, incorporated in 1848, is located in central Collin County, Texas, 30 miles north of downtown Dallas, on U.S. Highway 75. The City currently occupies a land area of 68 square miles and serves a population of approximately 211,397 as of January 1, 2023. The City is empowered to levy property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by voluntary annexation, which occurs periodically, when deemed appropriate by the landowner and governing council.

The City Council is comprised of a mayor and six members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and Municipal Judges. The mayor and the council members are elected on a non-partisan basis. Both the mayor and council members serve four-year terms. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and heads of departments, and the performance of functions within the municipal organization.

The City of McKinney provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, water, sewer, airport, refuse collection and disposal, golf, traffic engineering, streets and infrastructure, community development (planning and zoning), economic development, public improvements, and general administrative services.

The financial reporting entity includes all funds of the primary government (i.e., the City of McKinney as legally defined), as well as the McKinney Urban Transit District, a separate legal entity. The McKinney Urban Transit District is included in governmental activities. Additionally, the financial statements include McKinney Economic Development Corporation (MEDC), McKinney Community Development Corporation (MCDC), McKinney Convention and Visitors Bureau (MCVB), McKinney Housing Finance Corporation (MHFC), and McKinney Main Street (MMS). These separate legal entities are reported as discretely presented component units on the government-wide statements.

LOCAL ECONOMY

McKinney has been one of the fastest growing cities in America since 2000. The City currently estimates population at 211,397. Compared to 195,308 in the 2020 census and 131,117 in the 2010 census, this is an increase of 8% and 61%, respectively.

This growth is due in large part to corporate relocations in McKinney's neighboring cities, including Toyota, State Farm Insurance, Liberty Mutual Insurance and the Dallas Cowboys. These major employers in Collin County create a positive economic overflow for McKinney through increased residential demand resulting in higher assessed values on property. In perspective, McKinney's assessed taxable values have increased 137% since fiscal year 2013.

In an effort to spur our economic growth in McKinney, the City works in conjunction with MEDC and MCDC to make McKinney rich with industry. McKinney is the home to major medical technology, data management, manufacturing, aviation, defense, mixed-use, office and retail. Companies range from Fortune 500 corporations to home-grown businesses. The impressive list includes Raytheon, Encore Wire, Baylor Medical Center at McKinney, Medical Center of McKinney, Torchmark/United American Insurance, UPS, PACCAR, Independent Bank, Costco, SRS Distribution and Service First Mortgage.

The small business community is equally important to the vitality of McKinney's economy. McKinney's 174-year old city center, one of the oldest authentic historic downtowns in Texas, serves as a thriving retail, dining, entertainment and business destination with over 150 unique small businesses. In 2020, the City partnered with Tupps Brewery to expand its brewery operations to the City's historic grain site. This will create a unique destination within McKinney and be a catalyst for development on the city's east side. The City also purchased the 310 space multi-deck public parking garage that provides additional parking for the downtown area.

McKinney's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life, and policy direction. All in all, the picture of McKinney is one of a vital community, facing the economic challenges and opportunities of the future with optimism and forethought.

LONG-TERM FINANCIAL PLANNING

The City prepares ten-year financial plans for the General Obligation Debt Service Fund and the General Fund. These longer range planning documents help capture the larger scope of projects that will accommodate and foster future growth, while maintaining financial stability. Both plans are updated and reviewed annually by Council during the budget process.

In 2022, the City completed a long-term water/wastewater rate study that included capital improvement needs in the foreseeable future. This study again made rate suggestions to include passing through all North Texas Municipal Water rate increases at a minimum, which continues to be adopted by the City Council since first proposed in 2016 and is revisited on an annual basis during the budget process.

GENERAL OBLIGATION DEBT SERVICE LONG-TERM FINANCIAL PLAN

This ten-year plan was developed and adopted to pair the City's long-term debt capacity with the City's capital project financing needs. This plan is being used to guide a 2019 bond referendum for voter authorization towards projects planned over the next ten years.

Revenues for the plan, which come from property taxes, are projected at conservative levels and are compared to future estimates of debt service payments. The primary variables are the rate of increase in property tax, debt issuances and new capital improvement projects planned during the projection period. It is the City's policy that the percentage of tax rate allocated to debt services will not be more than 35%.

GENERAL FUND LONG-TERM FINANCIAL PLAN

This plan accounts for the future operating needs of the General Fund. It takes into consideration increased operational demands as result of McKinney's expected population growth, as well as the operational impact of the capital projects outlined in the General Obligation Debt Service Long-Term plan.

Revenues for the General Fund plan are projected at conservative levels and are compared to expenditure increase estimates. The primary variables are the rate of increase in revenues and new projects or programs planned during the projection period. The City's General Fund revenue primarily comes from property taxes, sales tax and franchise fees. The remainder comes from licenses/permits, charges for service, fines and interest income.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

During the annual budget process, the City of McKinney publishes a capital improvement plan, which outlines the first five years of projects contained within the General Obligation Debt Service Long-Term financial plan and the water/wastewater rate study. The City annually evaluates the need to issue debt using the five-year capital improvement plan, staying within the guidelines of the approved debt policy and the General Obligation Debt Service ten-year financial plan.

RELEVANT FINANCIAL POLICIES

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of McKinney City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the fund level. All annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

The annual budget serves as the foundation for the City of McKinney's financial planning and control. All requests for appropriation by the departments, divisions, and component units of the City of McKinney shall be furnished to the City Manager on or before August 1st each year. A proposed budget is presented to the City Council for review on or before August 15th. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Transfer of appropriations within a department and within funds may be made with approval from the City Manager or his designee. Transfers between funds or additional appropriation require the approval of the City Council.

MAJOR INITIATIVES

The City of McKinney undertakes major initiatives based on City Council goals and strategies, dubbed as "McKinney First." These are the building blocks for McKinney's success.

MAXIMIZING THE POTENTIAL OF THE MCKINNEY NATIONAL AIRPORT

The City of McKinney is devoted to growing the present and future economic wealth within the City, and the McKinney National Airport is a driving force in keeping pace with the economic trends in North Texas. The McKinney National Airport has started construction on expanding their runway by 1,500 feet. Extending the runway will benefit the entire DFW area by allowing the airport to more effectively serve its roles as a reliever for the region's commercial service airports.

DIRECTION FOR STRATEGIC AND ECONOMIC GROWTH

The City of McKinney, in partnership with MEDC and MCDC, provides development incentive agreements to businesses that will improve the economic and social well-being of its citizens. Major projects incentivized in 2022 include, Independent Bank completing construction on their 200,000 square-foot corporate office expansion, Kaizen completing construction on a 200,000 square foot office building, and Encore Wire completing construction on their 720,000 square foot service center addition.

ENHANCE THE QUALITY OF LIFE IN MCKINNEY

The City of McKinney is committed to leisure and recreational opportunities that enrich the quality of life for residents and visitors. Phase 2 of Finch Park is now complete consisting of redeveloping the playground and splashpad areas making it one of the largest splashpads in the City. Prestwyck Park is our newest neighborhood park adding 10 acres to park system. This park has play equipment for all ages including a play area, fitness stations, splash pad, and a sport-court. Replacement of playground equipment at various parks throughout the City continues.

OPERATIONAL EXCELLENCE

The City of McKinney holds transparency to be one of its highest values in achieving operational excellence. The city offers substantial transparency measures in an ongoing effort to provide a more open government and continues to add more ways residents can learn about city activities. The City maintains a transparency page on its website which offers news, projects, financial information, agendas, legal updates, hot topics, and other initiatives in one location. The site also includes an interactive financial reporting tool and a performance insight tracking tool to show how city departments are performing against City Council and department goals.

CAPITAL PROJECT INITIATIVES

For Fiscal Year 2022, major project initiatives included construction of the North Public Works Complex and completion of Fire Station #11 in Craig Ranch. Other initiatives included the indoor tennis courts expansion at Gabe Nesbitt Community Park and the replacement of traditional water meters with automated water meters, allowing for remote capture of meter readings. Renovations to various athletic fields and parks throughout the City continue. In addition, design and construction continued for various water and street improvements throughout the City.

For Fiscal Year 2023, major project initiatives include construction of a new municipal complex and Craig Ranch Soccer Complex. Other initiatives include ERP software conversion/implementation and design of a new Fire Department Administration facility. Numerous street and water/wastewater improvement projects are moving forward to support population expansion as well as addressing some of our aging infrastructure needs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McKinney for its ACFR for the fiscal year ended September 30, 2021. This was the thirty-eighth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current ACFR will be submitted to the GFOA where we expect it to meet the Certificate of Achievement eligibility requirements.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2021. This is the thirty-eighth consecutive year the City has received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

Also, in 2022, McKinney maintained its five Texas Comptroller of Public Accounts Transparency Stars for Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions. This award program recognizes local governments across Texas for going above and beyond in their transparency efforts. The Texas comptroller received two hundred and seven applications from local entities, of which only fourteen received the maximum five Transparency Stars.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department, our Audit Committee, and our independent auditors. We would like to express our sincere appreciation to those persons who have made possible the publication of this report. Credit also must be given to the Mayor, City Council and the City Manager's Office for their support for maintaining the highest standards of professionalism in the management of the City of McKinney's finances.

Respectfully submitted,

Mark Holloway
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of McKinney
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

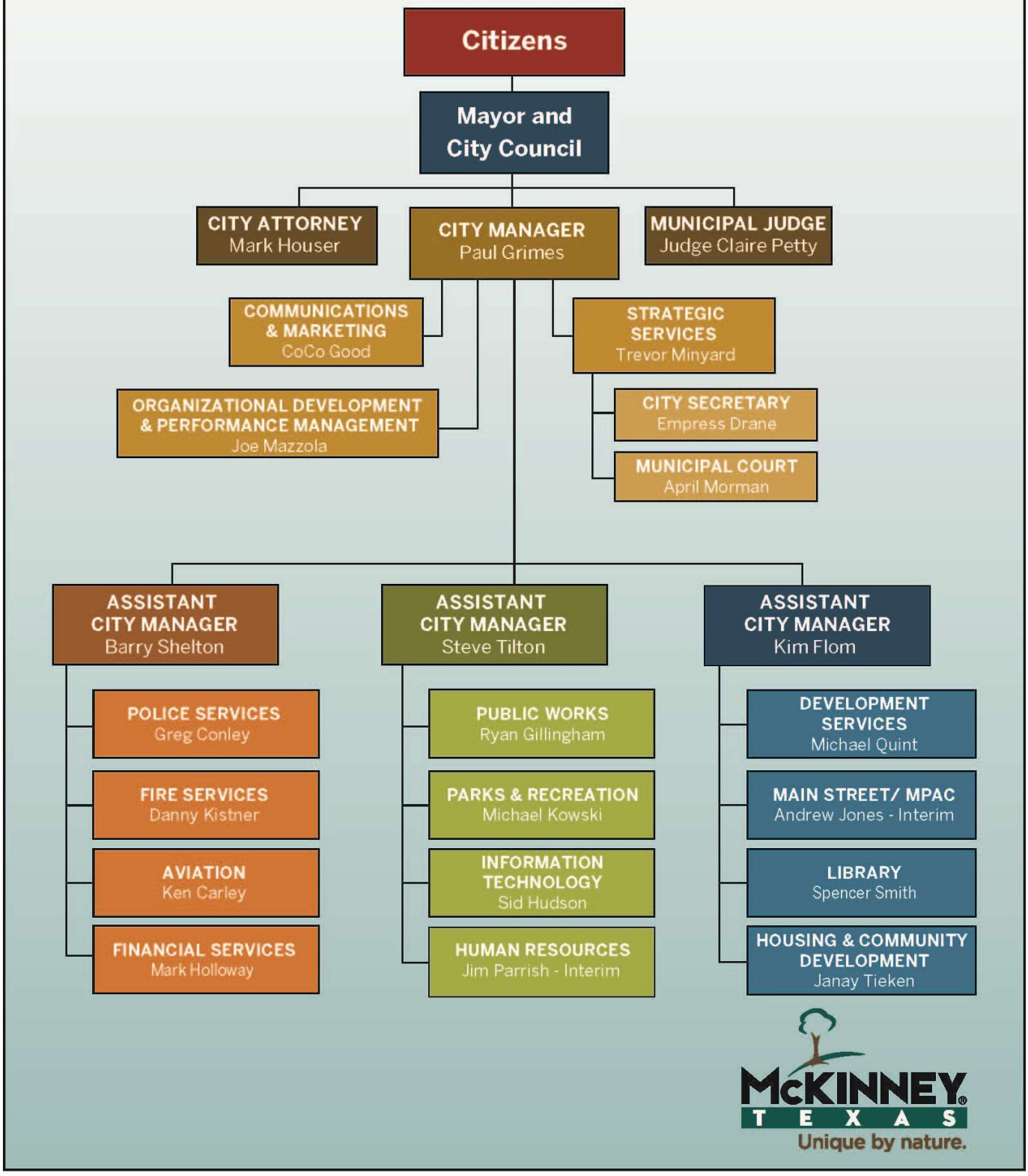
Christopher P. Morrill

Executive Director/CEO

CITY OF McKINNEY

ORGANIZATIONAL CHART

(AS OF 07-20-2022)



City of McKinney, Texas
City Officials

CITY COUNCIL

George Fuller, Mayor
Rainey Rogers, Mayor Pro-Tem
Justin Beller
Geré Feltus
Rick Franklin
Charlie Philips
Patrick Cloutier

CITY MANAGER

Paul Grimes

ASSISTANT CITY MANAGERS

Kim Flom
Barry Shelton
Steve Tilton

CHIEF FINANCIAL OFFICER

Mark Holloway

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Financial Section

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Independent Auditor's Report

Members of the City Council
City of McKinney, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McKinney, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of the City Council
City of McKinney, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 15, 2023

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Management's Discussion and Analysis

As management of the City of McKinney, we offer readers of the City of McKinney financial statements this narrative overview and analysis of the financial activities of the City of McKinney for the fiscal year ended September 30, 2022. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of McKinney exceeded its liabilities and deferred inflows of resources at September 30, 2022, by $1,478 million (Net Position). Of this amount, $1,105 million (75%) are invested in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net position restricted for specific purposes total $179 million (12%). The remaining $195 million (13%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of McKinney's net position increased by $95 million or 7%. Unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, increased by $20 million or 12%.
- At the close of the current fiscal year, the City of McKinney's governmental funds reported combined ending fund balances of $406 million, an increase of $62 million in comparison to the prior year. Approximately $79 million, or 19%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- Within the combined fund balances, $4.6 million is nonspendable for inventory and prepaid items. Fund balance is restricted in the amounts of $6.9 million for debt service, $275.8 million is for street construction and other capital projects, and $8.8 million for courts, grants and the other external constraints of special revenue funds. Assignments of fund balance have been made in the amounts of $10.6 million for other postemployment benefits (OPEB), $19.1 million for capital equipment replacement, $0.5 million for disaster relief and $0.6 million for public and performing arts. The remaining $79.2 million is unassigned fund balance and can be used for any lawful purpose. The unassigned fund balance is equal to 45% of total general fund expenditures. This represents 20% more than the fund balance policy requirement of 25%.
- On a government-wide basis, the City's total liabilities increased by $131.7 million or 20% during the current fiscal year. Major contributable factors include debt issuances resulting in net increase of $101.7 million increase to bonds payable including associated changes in bond premiums.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of McKinney's basic financial statements. The City of McKinney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government – Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of McKinney's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of McKinney's assets, deferred outflows of resources and liabilities, with the difference between the total of assets and deferred outflows of resources and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of McKinney is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including administrative, police, fire, development, public works, parks, and library. Property taxes, sales taxes, hotel occupancy taxes, franchise fees, licenses and permit fees finance most of these activities.

- **Business-type Activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and wastewater system, solid waste system, airport, golf course and surface water drainage system are reported here.

- **Component Units** – The City includes five separate legal entities in its report –McKinney Economic Development Corporation, McKinney Community Development Corporation, McKinney Convention and Visitors Bureau, McKinney Main Street, and McKinney Housing Finance Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of McKinney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of McKinney can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The City of McKinney maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of McKinney adopts an annual appropriated budget for its general fund, debt service fund, capital projects fund, grants fund and non-major special revenue funds. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24-29.

- **Proprietary Funds.** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Because these services benefit both governmental as well as business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City of McKinney maintains five individual enterprise funds to account for its water and wastewater, airport, solid waste, golf course, and surface water drainage. The water and wastewater fund and airport fund are considered major funds, while the solid waste fund, golf course fund and surface water drainage fund are considered as non-major funds of the City. Individual fund data for each of these funds is provided in the form of combining statements in this report.

  The City of McKinney uses the internal service funds as an accounting device to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for the claims of the City's self-funded insurance program and risk management program.

  The basic proprietary fund financial statements can be found on pages 30-33.

- **Fiduciary Responsibilities.** The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activity of this fund is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund is used for their intended purpose.

  The basic fiduciary fund financial statements can be found on pages 34-35.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-86.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of McKinney's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees, which can be found on pages 90-96.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 100-137 of this report.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of McKinney, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,478 million as of September 30, 2022.

By far the largest portion of the City's net position, $1,105 million or 75% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of McKinney's net position, $179 million or 12%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $195 million or 13% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Assets						
Current and other assets	$ 492,771	$ 405,280	$ 334,907	$ 241,654	$ 827,678	$ 646,934
Capital assets	824,058	766,644	631,454	606,834	1,455,512	1,373,478
Total Assets	1,316,829	1,171,924	966,361	848,488	2,283,190	2,020,412
Deferred Outflows of Resources	21,849	19,871	6,479	6,657	28,328	26,528
Liabilities						
Other liabilities	56,352	42,227	41,914	12,332	98,266	54,559
Long-term liabilities outstanding	442,738	404,189	242,628	193,151	685,366	597,340
Total Liabilities	499,090	446,416	284,542	205,483	783,632	651,899
Deferred Inflows of Resources	36,043	10,854	14,077	1,389	50,120	12,243
Net Position						
Net investment in capital assets	575,424	553,954	529,209	524,411	1,104,633	1,078,365
Restricted	155,971	116,857	22,655	13,549	178,626	130,406
Unrestricted	72,150	63,714	122,357	110,313	194,507	174,027
Total Net Position	$ 803,545	$ 734,525	$ 674,221	$ 648,273	$ 1,477,766	$ 1,382,798

The City of McKinney's net position increased by $95 million during the current fiscal year. This was driven by an increase in governmental and business-type net position of $69 million and $25.9 million, respectively. Details are listed in the table below.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenues:						
Program revenues:						
Charges for services	$ 37,961	$ 33,621	$ 151,842	$ 128,467	$ 189,803	$ 162,088
Operating grants and contributions	10,705	12,323	198	141	10,903	12,464
Capital grants and contributions	57,434	71,184	25,059	20,499	82,493	91,683
General revenues:						
Property taxes	136,122	128,658	-	-	136,122	128,658
Sales taxes	45,586	39,080	-	-	45,586	39,080
Franchise taxes	18,445	16,388	-	-	18,445	16,388
Other taxes and fees	277	301	-	-	277	301
Investment income	(5,657)	354	(1,963)	2,154	(7,620)	2,508
Other revenues	1,409	2,336	391	1,496	1,800	3,832
Total revenues	302,282	304,245	175,527	152,757	477,809	457,002
Expenses:						
General government	54,030	55,514	-	-	54,030	55,514
Police	44,046	41,444	-	-	44,046	41,444
Fire	41,485	40,379	-	-	41,485	40,379
Libraries	4,282	4,229	-	-	4,282	4,229
Development	14,462	13,045	-	-	14,462	13,045
Parks and recreation	23,565	20,844	-	-	23,565	20,844
Public works	51,037	48,210	-	-	51,037	48,210
Interest on long-term debt	9,113	8,011	-	-	9,113	8,011
Airport	-	-	18,981	12,361	18,981	12,361
Water/Wastewater	-	-	109,780	100,401	109,780	100,401
Solid Waste	-	-	8,627	9,213	8,627	9,213
Golf Course	-	-	74	76	74	76
Surface Water Drainage	-	-	3,359	3,193	3,359	3,193
Total expenses	242,020	231,676	140,821	125,244	382,841	356,920
Increase (decrease) in net position before transfers and special items	60,262	72,569	34,706	27,513	94,968	100,082
Transfers	8,758	6,403	(8,758)	(6,403)	-	-
Increase (decrease) in net position	69,020	78,972	25,948	21,110	94,968	100,082
Net Position - Beginning	734,525	655,553	648,273	627,163	1,382,798	1,282,716
Net Position - Ending	$ 803,545	$ 734,525	$ 674,221	$ 648,273	$ 1,477,766	$ 1,382,798

Governmental activities

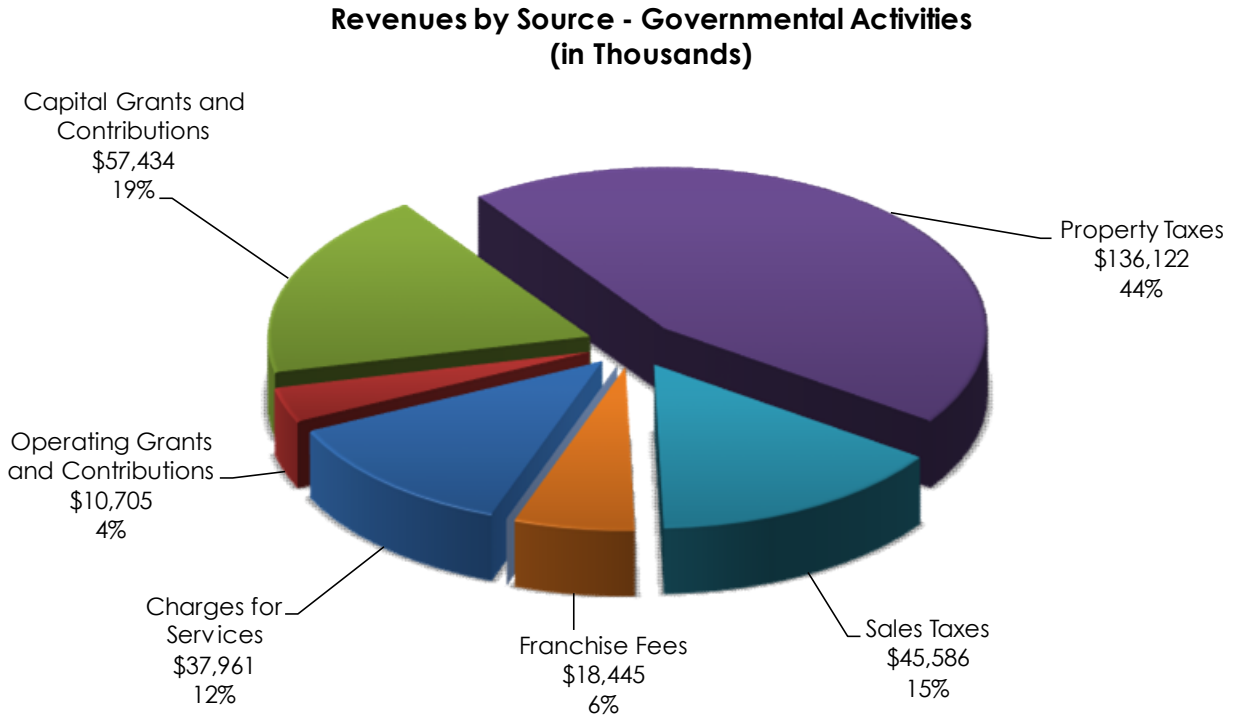
Governmental activities increased the City's net position by $69.0 million during the current fiscal year. The key elements of this increase are as follows:

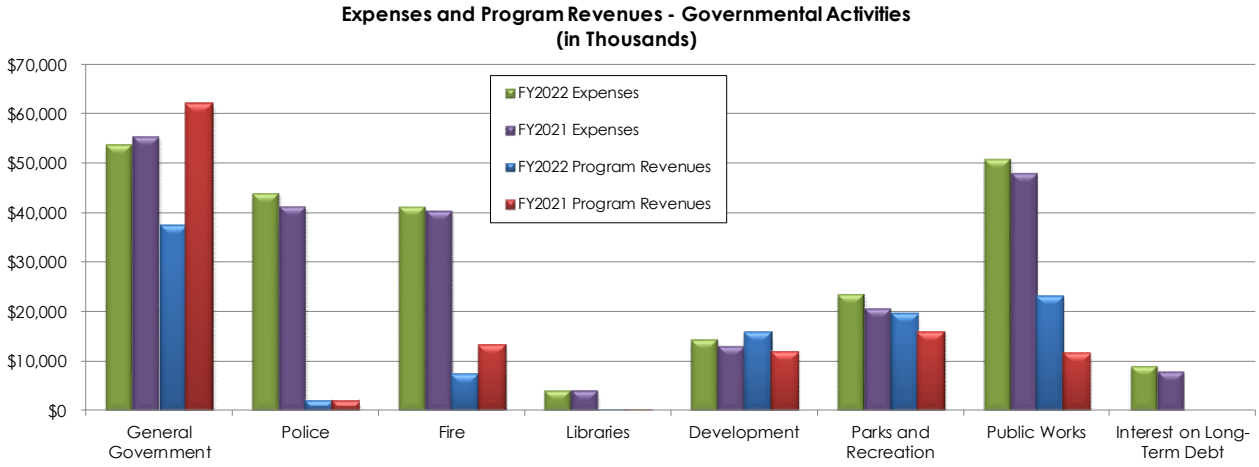
Revenues

- Property Taxes increased by $7.4 million as a result of a 8% increase in certified taxable value.
- Sales taxes increased by $6.5 million, or 16% as a result of population and commercial growth in the area.
- Capital grants and contributions decreased by $13.8 million or 19% primarily as a result of a decrease of $21 million in developer contributions.

Expenses

- The City's governmental expenses increased by $11.6 million.
- The 2022 budget authorized 68 additional positions and a 2% Cost of Living adjustment for $10.6 million.





Business-type activities

Business-type activities increased the City of McKinney's net position by $25.9 million, accounting for the increase in the government's net position. Key elements of this increase are as follows:

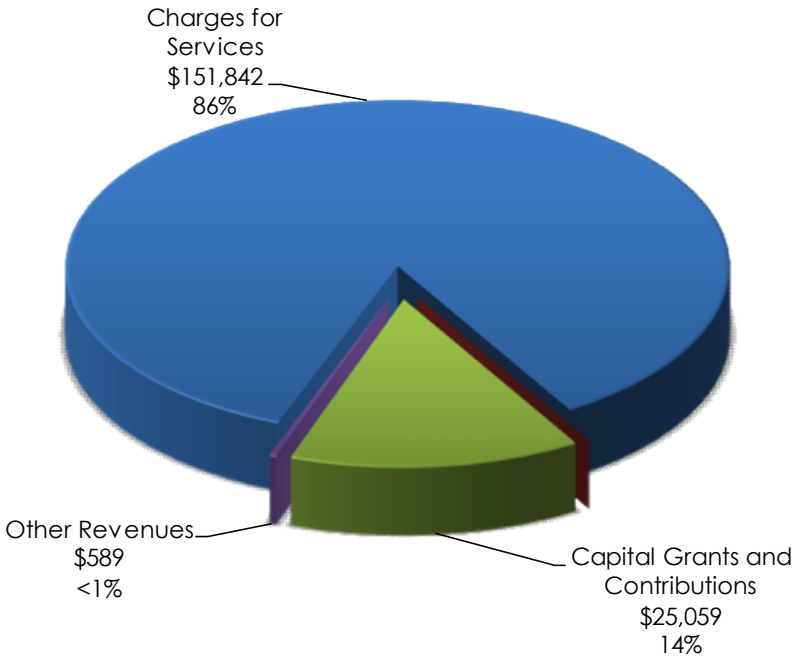
Revenues

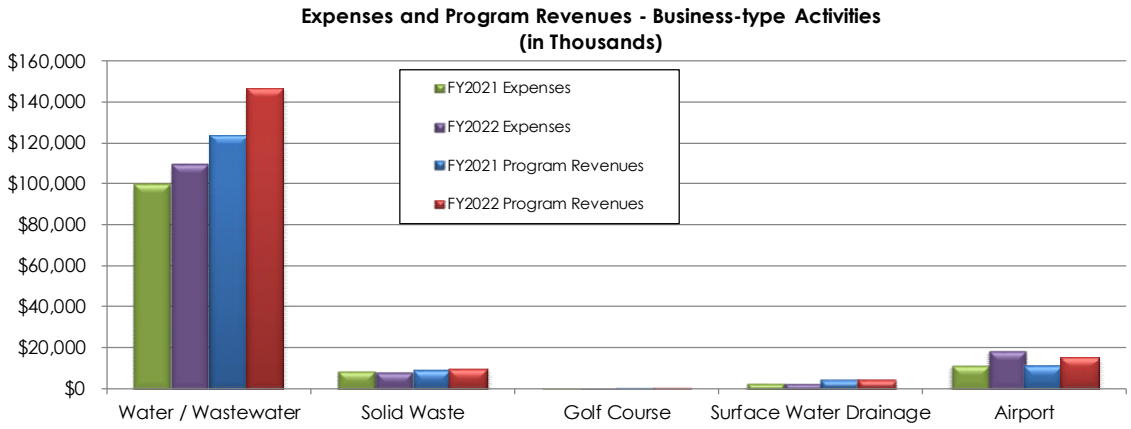
- The Water/Wastewater Fund's operating revenues increased by $17.4 million, or 16% as a result of a 6% increase to wastewater rates and adding approximately 1,600 new customer accounts.
- The Water/Wastewater Fund received capital contributions of $24.1 million relating to continued development in the City.
- The Airport Fund's operating revenues increased by $4.2 million or 41% due to a 314,000 increase in Jet Fuel gallons sold.

Expenses

- The Water/Wastewater Fund's operating expenses increased by of $7.4 million or 8%. This increase is attributed to an increase of $2.3 million in water purchases from North Texas Municipal Water District.
- The Airport Fund's operating expenses increased by $6.6 million, or 54% as a result of $2.9 million more in Jet Fuel gallons purchased.

Revenues by Source - Business-Type Activities
(in Thousands)





Financial Analysis of the City's Funds

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $406.3 million, an increase of $61.8 million or 18% in comparison to the prior year. Approximately $79.2 million or 20% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either considered nonspendable, restricted, or assigned in conformance with GASB 54 requirements. Please see page 24 for financial details and notes to financial statements for category definitions.

General Fund. The general fund is the chief operating fund of the City of McKinney. At the end of the current fiscal year, the unassigned general fund balance was $79.2 million, while total fund balance was $115.0 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45% of total general fund expenditures.

The original budget included a planned decrease in fund balance of $1.9 million. However, the general fund balance increased by $5.4 million or 5% during the current fiscal year. Actual revenue was above budget by $16.2 million primarily related to sales tax being $6.9 million over the original budget.

Debt Service Fund. The debt service fund had a total fund balance of $6.9 million, an increase of $0.9 million over the prior year. Property taxes from higher property valuations outweigh the City's annual debt service requirements.

Capital Projects Fund. The governmental capital projects fund had an ending fund balance of $244.2 million. Total expenditures for the current year were $83.5 million. The large fund balance is due primarily to the issuance of long-term debt during the fiscal year. A second factor contributing to the large fund balance is the result of many unfinished projects. Most of the projects have long duration due to the acquisition of right-of-way and construction phases. Major expenditures incurred during the current year include the North Public Works Complex renovation and land purchases for the new Municipal Complex.

Proprietary Funds

The City's proprietary funds provide the same type of information that is found in the government-wide financial statements for business-type activities, but in more detail. At September 30, 2022, net position of the proprietary funds included the following amounts of net position:

Water and Wastewater Fund. Water and Wastewater Fund net position increased by $28.7 million resulting primarily from capital contributions. Operating revenues totaled $123.4 million, an increase of $17.4 million, or 16% over the prior year due to as a result of a 6% increase to wastewater rates and by adding approximately 1,600 new customer accounts. Operating expenses in the Water and Wastewater Fund were $101.5 million, an increase of $7.4 million or 8% over the prior year, primarily a result of the increases in NTMWD water purchase rates and sewer service charges.

Airport Fund. The City's Airport Fund ended the year with a net position of $131.5 million, which was a decrease of $1.1 million compared to the previous year. This was a result of depreciation totaling $4.8 million. The unrestricted net position of the Airport Fund increased by $5.7M or 57% during the current fiscal year. Operating revenues increased by $4.2 million for the year due to the increase in Jet Fuel sales. Operating expenses were $18.9 million which increased by $6.6 million.

Solid Waste Fund. The City's Solid Waste Fund net position decreased by $1.6 million. Operating revenues totaled $9.9 million, which was an increase of $576 thousand as compared to the previous year. Operating expenses and net transfers were $11.4 million which were $1.1 million higher than the previous year.

Golf Course Fund. The Golf Course Fund net position increased by $110 thousand. Revenues were approximately $187 thousand which was the contract fee. Expenses were primarily city constructed maintenance improvements and depreciation totaling $74 thousand. In October 2008, the management of the golf course was outsourced to a contractor, DWW Golf Management. The contractor is responsible for collecting all revenues and budgeting for operating expenses. Under the contract terms, the City of McKinney collects an amount equal to 8% of gross revenues.

Surface Water Drainage Fund. The Surface Water Drainage Fund's net position decreased by $270 thousand to $6.3 million. Charges for services remained relatively consistent with the prior year at $4.4 million.

General Fund Budgetary Highlights

The actual FY2021-22 expenditures were $175.4 million, $9.2 million less than the final budget of $184.6 million. However, at the end of the year, $3.7 million of budgeted economic incentives were re-appropriated to fiscal year 2023.

Actual revenues were $179.8 million or $3.0 million less than the $182.9 million budget plan. The final revenue budget was $6.2 million more than the original adopted budget mainly attributed to the increase in sales tax.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of the fiscal year, the City had $1.45 billion invested in a broad range of capital assets, including land and buildings, roads, bridges, water and wastewater systems, drainage systems, park facilities, and police and fire equipment. This amount represents a net increase (including additions and deductions) of $80.8 million over the prior fiscal year.

Capital assets, net of accumulated depreciation in thousands, for governmental activities and business-type activities are summarized as follows:

Table 4
Capital Assets at Year-end
(Net Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land	$ 80,641	$ 75,370	$ 53,488	$ 53,594	$ 134,129	$ 128,964
Works of art	1,024	94	-	-	1,024	94
Construction in progress	159,682	141,880	49,974	70,756	209,656	212,636
Buildings	135,004	123,479	35,551	37,479	170,555	160,958
Right-to-use leased assets	2,114	-	169	-	2,283	-
Infrastructure	417,563	399,401	484,730	437,516	902,293	836,917
Machinery and equipment	27,997	26,391	7,542	7,489	35,539	33,880
Service animals	33	29	-	-	33	29
Total	$ 824,058	$ 766,644	$ 631,454	$ 606,834	$ 1,455,512	$ 1,373,478

Capital project commitments as of September 30, 2022:

Description	Appropriated Commitment
Water/Wastewater Projects	$ 156,887,967
Streets Projects	106,129,397
Parks Projects	50,069,487
Public Safety Projects	9,633,809
Municipal Facilities	91,451,787
Technology Projects	12,429,460
Stormwater Projects	6,082,723
Airport Projects	55,132,055
	$ 487,816,685

Additional information about the City's capital assets is presented in Note (3) to the financial statements at pages 59-62.

Long-term Debt. At year end, the City had $618.1 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds. The total debt was $516.5 million at the end of the prior fiscal year. This represents an increase of 20%. All outstanding debt is summarized in thousands below:

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
General obligation bonds, certificates of obligations and tax notes (backed by the City)	$ 382,432	$ 332,162	$ -	$ -	$ 382,432	$ 332,162
Revenue bonds (backed by fee revenues)	-	-	235,709	184,308	235,709	184,308
Totals	$ 382,432	$ 332,162	$ 235,709	$ 184,308	$ 618,141	$ 516,470

In 2022, the City once again received the highest ratings issued from two major credit rating agencies for its general obligation (GO) bonds. Moody's Investors Service reaffirmed its Aaa rating and Standard and Poor's reaffirmed its AAA rating for the City's general obligation bonds. The city reaffirmed ratings of Aa1 from Moody's and AA+ with stable outlook from Standard and Poor's for its water and wastewater utilities system.

Additional information on the long-term debt can be found in Note (3) to the financial statements starting at page 65.

V. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of McKinney, Texas continues to be financially strong. Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget, tax rates and fees that will be charged for the business-type activities. The priority for fiscal year 2023 continues to be maintaining quality service while observing prudent spending practices.

Highlights of the 2023 budget include:

- Balanced budget, with total revenues equal to or greater than total expenditures
- Property tax rate reduced by four cents to $0.457485 cents per $100 assessed value
- Total City budget $652 million
- General Fund budget $190.6 million
- Increased and sustained funding for equipment and facilities improvements
- Budget supplemental funding of $15.8 million ($6.8 million for additional staff and other recurring costs, $9 million for one-time costs) to accommodate citywide departmental needs and operating impacts from Capital Improvement Program
- Additional 68 full-time equivalent (FTE) positions (50.5 in the General Fund and 17.5 in other funds)

The property tax rate for fiscal year 2023 decreased from $0.497655 to $0.457485 per $100 assessed value.

Requests for Information

The financial report is designed to provide a general overview of the City of McKinney's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of McKinney, 222 North Tennessee Street, McKinney, Texas 75069.

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TEXAS
Unique by nature.

Basic Financial Statements

McKINNEY
TEXAS
Unique by nature.

City of McKinney, Texas
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 148,289,498	$ 10,609,969	$ 158,899,467	$ 47,431,489
Investments	123,837,261	61,592,879	185,430,140	32,938,460
Receivables (net of allowance for uncollectibles)	18,048,553	18,639,713	36,688,266	7,572,507
Leases receivable	12,006,369	11,083,969	23,090,338	-
Internal balances	411,230	(411,230)	-	-
Due from other governments	2,245,417	-	2,245,417	-
Other assets	-	-	-	51
Inventory	336,703	1,119,388	1,456,091	-
Prepaid items	4,292,888	3,354,914	7,647,802	6,842,127
Restricted assets:				
Cash and cash equivalents	183,303,388	214,975,850	398,279,238	3,699,495
Investments	-	13,895,520	13,895,520	-
Accrued interest receivable	-	46,567	46,567	-
Capital assets:				
Non depreciable	241,346,616	103,461,655	344,808,271	82,656,984
Depreciable (net)	582,711,027	527,992,483	1,110,703,510	238,925
Total assets	1,316,828,950	966,361,677	2,283,190,627	181,380,038
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	16,295,649	2,179,853	18,475,502	292,428
Deferred OPEB outflows	3,924,944	393,675	4,318,619	52,811
Deferred charge for refunding	1,628,093	334,763	1,962,856	144,692
Excess consideration provided for acquisition	-	3,570,373	3,570,373	-
Total deferred outflows of resources	21,848,686	6,478,664	28,327,350	489,931
LIABILITIES				
Accounts payable	16,751,766	3,977,049	20,728,815	470,686
Other accrued liabilities	7,819,279	2,243,686	10,062,965	40,398
Unearned revenue	28,266,848	30,116,987	58,383,835	3,131,563
Accrued interest payable	1,863,371	384,739	2,248,110	102,453
Deposits	1,650,721	5,191,499	6,842,220	10,000
Non-current liabilities:				
Due within one year:				
Compensated absences	1,279,342	124,359	1,403,701	12,399
Bonds payable	36,409,794	12,832,906	49,242,700	3,270,000
Right-to-use lease liability	510,795	80,977	591,772	-
Due in more than one year:				
Compensated absences	15,400,478	1,497,009	16,897,487	149,239
Bonds payable	346,021,805	222,876,129	568,897,934	34,500,000
Right-to-use lease liability	1,673,536	91,451	1,764,987	-
Net pension liability	20,007,811	2,676,427	22,684,238	359,043
Total OPEB liability	21,434,595	2,448,373	23,882,968	328,450
Total liabilities	499,090,141	284,541,591	783,631,732	42,374,231
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	19,054,404	2,548,891	21,603,295	341,935
Deferred OPEB inflows	5,270,393	646,710	5,917,103	86,757
Deferred lease inflows	11,717,532	10,881,014	22,598,546	-
Total deferred inflows of resources	36,042,329	14,076,615	50,118,944	428,692
NET POSITION				
Net investment in capital assets	575,424,351	529,209,550	1,104,633,901	45,270,601
Restricted for:				
Use of impact fees	17,703,582	8,522,636	26,226,218	-
Debt service	5,439,350	14,132,648	19,571,998	3,676,547
Capital projects	92,104,403	-	92,104,403	-
Public safety	458,868	-	458,868	-
Community development	37,571,634	-	37,571,634	-
Court	531,492	-	531,492	-
PEG	1,669,855	-	1,669,855	-
Grants and donations	491,291	-	491,291	-
Unrestricted	72,150,340	122,357,301	194,507,641	90,119,898
TOTAL NET POSITION	$ 803,545,166	$ 674,222,135	$ 1,477,767,301	$ 139,067,046

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Activities
For The Year Ended September 30, 2022

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 54,029,472	$ 8,405,098	$ 6,455,974	$ 22,600,853
Police	44,046,266	438,976	1,622,518	80,000
Fire	41,485,414	7,415,356	75,040	-
Libraries	4,281,604	108,498	4,251	-
Development	14,462,451	13,902,131	2,031,470	-
Parks and recreation	23,565,269	6,320,940	515,914	12,971,029
Public works	51,037,173	1,370,154	-	21,781,937
Interest on long-term debt	9,113,250	-	-	-
Total governmental activities	242,020,899	37,961,153	10,705,167	57,433,819
Business-type activities:				
Water/wastewater	109,779,907	123,282,973	-	24,113,324
Solid waste	8,626,821	9,854,348	-	-
Golf course	73,901	97,525	-	-
Surface water drainage	3,358,672	4,383,775	-	-
Airport	18,981,288	14,223,722	198,000	946,214
Total business-type activities	140,820,589	151,842,343	198,000	25,059,538
Total primary government	$ 382,841,488	$ 189,803,496	$ 10,903,167	$ 82,493,357
Component units:				
Governmental Activities:				
McKinney Economic Development Corp	$ 13,343,735	$ -	$ -	$ -
McKinney Community Development Corp	10,605,883	-	1,000,000	-
McKinney Convention & Visitors Bureau	918,271	-	895,000	-
McKinney Main Street Corporation	1,205,474	1,094,607	158,779	-
	26,073,363	1,094,607	2,053,779	-
Business-type activities:				
McKinney Housing Finance Corporation	21,714	132,732	-	-
Total component units	$ 26,095,077	$ 1,227,339	$ 2,053,779	$ -

General revenues:
- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Investment income (loss)
- Gain on sale of assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (16,567,547)	$ -	$ (16,567,547)	$ -
(41,904,772)	-	(41,904,772)	-
(33,995,018)	-	(33,995,018)	-
(4,168,855)	-	(4,168,855)	-
1,471,150	-	1,471,150	-
(3,757,386)	-	(3,757,386)	-
(27,885,082)	-	(27,885,082)	-
(9,113,250)	-	(9,113,250)	-
(135,920,760)	-	(135,920,760)	-
-	37,616,390	37,616,390	-
-	1,227,527	1,227,527	-
-	23,624	23,624	-
-	1,025,103	1,025,103	-
-	(3,613,352)	(3,613,352)	-
-	36,279,292	36,279,292	-
(135,920,760)	36,279,292	(99,641,468)	-
$ -	$ -	$ -	$ (13,343,735)
-	-	-	(9,605,883)
-	-	-	(23,271)
-	-	-	47,912
-	-	-	(22,924,977)
-	-	-	111,018
$ -	$ -	$ -	$ (22,813,959)
$ 136,122,445	$ -	$ 136,122,445	$ -
45,585,913	-	45,585,913	42,374,674
18,444,482	-	18,444,482	-
277,450	-	277,450	-
(5,656,955)	(1,963,359)	(7,620,314)	570,267
-	172,967	172,967	916
1,409,686	218,014	1,627,700	4,686
8,758,240	(8,758,240)	-	-
204,941,261	(10,330,618)	194,610,643	42,950,543
69,020,501	25,948,674	94,969,175	20,136,584
734,524,665	648,273,461	1,382,798,126	118,930,462
$ 803,545,166	$ 674,222,135	$ 1,477,767,301	$ 139,067,046

City of McKinney, Texas
Balance Sheet
Governmental Funds
September 30, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 63,041,493	$ 6,943,255	$ 204,108,815	$ 39,763,809	$ 313,857,372
Investments	66,361,773	-	57,475,488	-	123,837,261
Receivables (net of allowance for uncollectibles):					
Delinquent property taxes	910,499	403,860	-	-	1,314,359
Accounts	3,265,892	-	-	511,514	3,777,406
Notes	1,156,052	-	-	-	1,156,052
Leases	12,006,369	-	-	-	12,006,369
Other taxes and fees	10,743,991	-	-	282,888	11,026,879
Accrued interest	98,122	-	429,404	-	527,526
Due from other funds	1,119,830	-	-	-	1,119,830
Due from other governments	841,595	-	-	1,403,822	2,245,417
Inventory	336,703	-	-	-	336,703
Prepaid items	4,006,302	-	270,613	15,973	4,292,888
Total assets	$ 163,888,621	$ 7,347,115	$ 262,284,320	$ 41,978,006	$ 475,498,062
LIABILITIES					
Accounts payable	$ 5,338,543	$ 44,394	$ 9,955,907	$ 464,493	$ 15,803,337
Other accrued liabilities	3,179,624	-	4,400,723	110,571	7,690,918
Deposits	1,650,721	-	-	-	1,650,721
Due to other funds	-	-	-	708,600	708,600
Unearned revenue	23,978,586	-	3,765,161	523,101	28,266,848
Total liabilities	34,147,474	44,394	18,121,791	1,806,765	54,120,424
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,999,753	393,638	-	-	3,393,391
Leases	11,717,532	-	-	-	11,717,532
Total deferred inflows of resources	14,717,285	393,638	-	-	15,110,923
FUND BALANCES					
NONSPENDABLE:					
Inventory	336,703	-	-	-	336,703
Prepaid items	4,006,302	-	270,613	15,973	4,292,888
RESTRICTED:					
Debt service	-	6,909,083	-	-	6,909,083
Street construction	-	-	108,101,186	-	108,101,186
Capital projects	-	-	135,790,730	31,949,613	167,740,343
Law enforcement	36,380	-	-	547,432	583,812
Courts	531,492	-	-	-	531,492
Fire	-	-	-	47,865	47,865
PEG	-	-	-	1,669,855	1,669,855
Community housing	-	-	-	35,202	35,202
Hotel/Motel	-	-	-	5,586,819	5,586,819
Transit	-	-	-	304,709	304,709
Grants	-	-	-	13,773	13,773
ASSIGNED:					
Capital equipment replacement	19,056,739	-	-	-	19,056,739
Disaster relief	581,076	-	-	-	581,076
OPEB	10,638,747	-	-	-	10,638,747
Public & performing arts	596,746	-	-	-	596,746
UNASSIGNED	79,239,677	-	-	-	79,239,677
Total fund balances	115,023,862	6,909,083	244,162,529	40,171,241	406,266,715
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 163,888,621	$ 7,347,115	$ 262,284,320	$ 41,978,006	$ 475,498,062

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2022

Fund balances of governmental funds		$ 406,266,715
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables not measurable and available within 60 days of year-end, and therefore are unavailable in the fund financial statements.		3,393,391
Capital assets (net of accumulated depreciation/amortization) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation/amortization.		824,057,643
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred pension outflows	$ 16,295,649	
Deferred OPEB outflows	3,924,944	
Deferred charge on refunding	1,628,093	
Deferred pension inflows	(19,054,404)	
Deferred OPEB inflows	(5,270,393)	(2,476,111)
Internal service funds are used by management to charge the cost of certain activities, including self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		16,905,055
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(1,863,371)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General and certificates of obligation bonds	$ (352,040,000)	
Bond premiums	(30,391,599)	
Right-to-use lease liability	(2,184,331)	
Net pension liability	(20,007,811)	
Total OPEB liability	(21,434,595)	
Compensated absences	(16,679,820)	(442,738,156)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 803,545,166

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2022

	General	Debt Service	Capital Projects
REVENUES			
Property taxes	$ 91,881,312	$ 41,310,863	$ -
Sales and use taxes	39,472,722	-	-
Franchise fees	18,335,672	-	-
Other taxes and fees	-	-	-
Licenses and permits	14,758,350	-	-
Intergovernmental	1,545,864	-	9,339,405
Charges for services	16,259,267	-	1,275,898
Fines and forfeitures	1,304,956	-	-
Investment income (loss)	(5,423,917)	212,817	(781,990)
Contributions	581,365	-	25,445,495
Miscellaneous	1,119,357	-	249,691
Total revenues	179,834,948	41,523,680	35,528,499
EXPENDITURES			
Current:			
General government	38,522,542	-	1,269,356
Police	42,668,797	-	-
Fire	39,427,680	-	-
Libraries	3,715,649	-	-
Development	12,360,876	-	-
Parks and recreation	17,980,911	-	-
Public works	14,778,172	-	2,138,089
Debt Service:			
Principal retirement	467,830	28,970,000	-
Interest and fiscal charges	97,645	11,680,441	518,946
Capital Expenditures:			
General government	139,486	-	26,337,871
Police	1,473,915	-	-
Fire	998,790	-	4,150,810
Libraries	46,556	-	108,382
Development	88,992	-	-
Parks and recreation	1,326,082	-	15,331,299
Public works	1,285,216	-	33,660,154
Total expenditures	175,379,139	40,650,441	83,514,907
Excess (deficiency) of revenues over (under) expenditures	4,455,809	873,239	(47,986,408)
OTHER FINANCING SOURCES (USES)			
Other financing source-issuance of long-term debt	-	-	63,415,000
Premium on issuance of debt	-	-	3,263,946
Proceeds from sale of property	110,974	-	-
Transfers in	7,265,760	-	15,733,616
Transfers out	(6,420,000)	-	-
Total other financing sources (uses)	956,734	-	82,412,562
Net change in fund balances	5,412,543	873,239	34,426,154
Fund balances, beginning of year	109,611,319	6,035,844	209,736,375
FUND BALANCES, END OF YEAR	$ 115,023,862	$ 6,909,083	$ 244,162,529

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,058,276	$ 136,250,451
6,113,191	45,585,913
-	18,335,672
277,450	277,450
-	14,758,350
8,582,544	19,467,813
-	17,535,165
122,635	1,427,591
169,185	(5,823,905)
43,460	26,070,320
40,639	1,409,687
18,407,380	275,294,507
7,592,893	47,384,791
275,059	42,943,856
70,809	39,498,489
5,500	3,721,149
2,032,825	14,393,701
-	17,980,911
-	16,916,261
-	29,437,830
216,049	12,513,081
-	26,477,357
106,814	1,580,729
-	5,149,600
-	154,938
-	88,992
-	16,657,381
-	34,945,370
10,299,949	309,844,436
8,107,431	(34,549,929)
16,145,000	79,560,000
570,668	3,834,614
-	110,974
20,000	23,019,376
(3,791,136)	(10,211,136)
12,944,532	96,313,828
21,051,963	61,763,899
19,119,278	344,502,816
$ 40,171,241	$ 406,266,715

City of McKinney, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2022

Net change in fund balances- total governmental funds.		$ 61,763,899
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		84,885,533
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		22,600,853
Depreciation and amortization expense on capital assets and right-to-use lease assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.		(48,681,186)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	$ 28,970,000	
Right-to-use lease liability	467,830	29,437,830
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position as debt obligations with corresponding balances amortized over the life of the bonds. Issuance of long-term debt and recognition and amortization of these differences consist of the following:		
Issuance of long term-debt	$ (79,560,000)	
Recognition of premium on debt issuance	(3,834,614)	
Amortization of refunding loss	(350,497)	
Amortization of bond premium	4,155,207	(79,589,904)
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.		4,061,234
Current year change in long-term liability for compensated absences does not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(1,299,815)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(404,879)
Internal service funds are used by management to share the costs of certain activities including self-insurance to individual funds.		400,983
In the governmental fund financial statements, the proceeds from the sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.		(4,043,887)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(110,160)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 69,020,501

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures and Changes
in Fund Balances- Budget (GAAP Basis) and Actual-General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 93,072,578	$ 93,321,578	$ 91,881,312	$ (1,440,266)
Sales and use taxes	35,333,645	38,899,760	39,472,722	572,962
Franchise fees	16,664,198	16,820,336	18,335,672	1,515,336
Licenses and permits	10,525,245	13,299,845	14,758,350	1,458,505
Intergovernmental	1,449,389	1,600,412	1,545,864	(54,548)
Charges for services	12,579,077	15,211,750	16,259,267	1,047,517
Fines and forfeitures	1,208,800	1,283,000	1,304,956	21,956
Investment income (loss)	590,000	1,281,250	(5,423,917)	(6,705,167)
Contributions	501,753	566,200	581,365	15,165
Miscellaneous	773,351	592,896	1,119,357	526,461
Total revenues	172,698,036	182,877,027	179,834,948	(3,042,079)
EXPENDITURES				
General government	41,434,122	45,846,322	39,227,503	6,618,819
Police	44,830,277	44,457,852	44,142,712	315,140
Fire	38,230,113	39,536,528	40,426,470	(889,942)
Libraries	4,054,689	3,936,091	3,762,205	173,886
Development	13,345,283	13,022,448	12,449,868	572,580
Parks and recreation	18,786,862	20,135,460	19,306,993	828,467
Public works	16,666,132	17,658,186	16,063,388	1,594,798
Total expenditures	177,347,478	184,592,887	175,379,139	9,213,748
Excess (deficiency) of revenues over (under) expenditures	(4,649,442)	(1,715,860)	4,455,809	6,171,669
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	400,000	480,000	110,974	(369,026)
Transfers in	4,881,360	5,379,360	7,265,760	1,886,400
Transfers out	(2,500,000)	(6,420,000)	(6,420,000)	-
Total other financing sources (uses)	2,781,360	(560,640)	956,734	1,517,374
Net change in fund balances	(1,868,082)	(2,276,500)	5,412,543	7,689,043
Fund balances, beginning of year	109,611,319	109,611,319	109,611,319	-
Fund balances, end of year	$ 107,743,237	$ 107,334,819	$ 115,023,862	$ 7,689,043

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,155,700	$ 3,150,648	$ 6,303,621	$ 10,609,969	$ 13,981,624
Investments	52,083,879	-	9,509,000	61,592,879	-
Restricted assets:					-
Cash and cash equivalents	173,583,883	41,381,967	10,000	214,975,850	3,753,890
Receivables (net of allowance for uncollectibles)	15,651,223	129,014	2,680,940	18,461,177	246,331
Accrued interest receivable	122,807	-	55,729	178,536	-
Due from other funds	15,235	-	-	15,235	-
Notes receivable- interfund	-	-	3,986,895	3,986,895	-
Leases receivable	-	11,083,969	-	11,083,969	-
Inventory	971,790	147,598	-	1,119,388	-
Prepaid items	817,425	2,306,249	231,240	3,354,914	-
Total current assets	244,401,942	58,199,445	22,777,425	325,378,812	17,981,845
Noncurrent assets:					
Restricted assets:					
Investments	13,895,520	-	-	13,895,520	-
Accrued interest receivable	46,567	-	-	46,567	-
Total restricted assets	13,942,087	-	-	13,942,087	-
Capital assets:					
Land	11,372,106	41,549,244	566,509	53,487,859	-
Buildings	11,972,381	41,428,102	1,653,284	55,053,767	-
Improvements other than buildings	596,541,268	65,992,095	2,912,297	665,445,660	-
Machinery and equipment	14,143,120	1,972,356	3,447,799	19,563,275	-
Right-to-use leased asset	-	250,235	-	250,235	-
Construction in progress	35,869,096	14,104,700	-	49,973,796	-
Less accumulated depreciation/amortization	(158,452,662)	(48,606,799)	(5,260,993)	(212,320,454)	-
Total capital assets (net of accumulated depreciation)	511,445,309	116,689,933	3,318,896	631,454,138	-
Total noncurrent assets	525,387,396	116,689,933	3,318,896	645,396,225	-
TOTAL ASSETS	769,789,338	174,889,378	26,096,321	970,775,037	17,981,845
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	1,410,096	326,754	443,003	2,179,853	-
Deferred OPEB outflows	254,660	59,011	80,004	393,675	-
Deferred charge for refunding	334,763	-	-	334,763	-
Excess consideration provided for acquisition	-	3,570,373	-	3,570,373	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,999,519	3,956,138	523,007	6,478,664	-

(continued)

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	$ 538,172	$ 116,961	$ 863,404	$ 1,518,537	$ 948,429
Other accrued liabilities	428,771	43,694	440,733	913,198	128,361
Due to other funds	393,469	-	32,996	426,465	-
Note payable- interfund	-	497,589	55,085	552,674	-
Compensated absences	82,068	15,817	26,474	124,359	-
Accrued interest payable	384,739	-	-	384,739	-
Right-to-use lease liability	-	80,977	-	80,977	-
Total current liabilities unrestricted	1,827,219	755,038	1,418,692	4,000,949	1,076,790
Liabilities (payable from restricted assets):					
Accounts payable	1,990,708	467,804	-	2,458,512	-
Revenue bonds payable	12,832,906	-	-	12,832,906	-
Unearned Revenue	-	30,116,987	-	30,116,987	-
Other accrued liabilities	1,079,160	251,328	-	1,330,488	-
Deposits	4,933,642	247,857	10,000	5,191,499	-
Total current liabilities (payable from restricted assets)	20,836,416	31,083,976	10,000	51,930,392	-
Total current liabilities	22,663,635	31,839,014	1,428,692	55,931,341	1,076,790
Noncurrent liabilities:					
Compensated absences	987,920	190,402	318,687	1,497,009	-
Note payable- interfund	-	3,019,898	414,323	3,434,221	-
Right-to-use lease liability	-	91,451	-	91,451	-
Revenue bonds, certificates of obligation payable	222,876,129	-	-	222,876,129	-
Net pension liability	1,731,318	401,189	543,920	2,676,427	-
Total OPEB liability	1,583,794	367,005	497,574	2,448,373	-
Total noncurrent liabilities	227,179,161	4,069,945	1,774,504	233,023,610	-
TOTAL LIABILITIES	249,842,796	35,908,959	3,203,196	288,954,951	1,076,790
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	1,648,817	382,072	518,002	2,548,891	-
Deferred OPEB inflows	418,341	96,940	131,429	646,710	-
Deferred leases inflows	-	10,881,014	-	10,881,014	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,067,158	11,360,026	649,431	14,076,615	-
NET POSITION					
Net investment in capital assets	410,092,281	115,798,373	3,318,896	529,209,550	-
Restricted for:					
Use of impact fees	8,522,636	-	-	8,522,636	-
Debt service	14,132,648	-	-	14,132,648	-
Unrestricted	87,131,338	15,778,158	19,447,805	122,357,301	16,905,055
TOTAL NET POSITION	$ 519,878,903	$ 131,576,531	$ 22,766,701	$ 674,222,135	$ 16,905,055

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 123,282,973	$ 14,223,722	$ 14,335,648	$ 151,842,343	$ 29,672,040
Intergovernmental	-	198,000	-	198,000	-
Miscellaneous	102,324	-	109,155	211,479	391,428
Total operating revenues	123,385,297	14,421,722	14,444,803	152,251,822	30,063,468
OPERATING EXPENSES					
Personnel services	11,715,467	2,488,309	3,183,934	17,387,710	-
Materials, supplies and services	882,765	6,567,908	171,551	7,622,224	22,696,650
Maintenance	3,259,725	321,481	319,635	3,900,841	-
Purchase of water	60,311,710	-	-	60,311,710	-
Contract payments	6,663,784	570,298	7,858,387	15,092,469	3,035,807
Utilities	1,144,264	249,271	3,404	1,396,939	-
Depreciation and amortization	12,544,555	4,868,711	385,327	17,798,593	-
Other	4,952,409	3,854,176	137,156	8,943,741	-
Total operating expenses	101,474,679	18,920,154	12,059,394	132,454,227	25,732,457
Operating income (loss)	21,910,618	(4,498,432)	2,385,409	19,797,595	4,331,011
NON-OPERATING REVENUES (EXPENSES)					
Investment income (loss)	(2,455,333)	566,651	(74,677)	(1,963,359)	166,950
Interest and fiscal charges	(8,305,228)	(58,982)	-	(8,364,210)	-
Gain (loss) from disposal of assets	130,359	-	46,991	177,350	(46,978)
Total non-operating expenses	(10,630,202)	507,669	(27,686)	(10,150,219)	119,972
Income (loss) before contributions and transfers	11,280,416	(3,990,763)	2,357,723	9,647,376	4,450,983
Contributions	24,113,324	946,214	-	25,059,538	-
Transfers in	-	2,000,000	51,103	2,051,103	-
Transfers out	(6,648,818)	-	(4,160,525)	(10,809,343)	(4,050,000)
Change in net position	28,744,922	(1,044,549)	(1,751,699)	25,948,674	400,983
Net position - beginning	491,133,981	132,621,080	24,518,400	648,273,461	16,504,072
TOTAL NET POSITION - ending	$ 519,878,903	$ 131,576,531	$ 22,766,701	$ 674,222,135	$ 16,905,055

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 121,489,716	$ 14,212,764	$ 13,806,842	$ 149,509,322	$ 29,947,280
Other operating revenues	102,324	-	109,155	211,479	391,428
Cash payments to employees for services	(12,096,973)	(2,573,275)	(3,325,456)	(17,995,704)	-
Cash payments to suppliers for goods and services	(78,221,018)	(12,553,296)	(8,985,427)	(99,759,741)	(26,107,249)
Net cash provided by (used in) operating activities	31,274,049	(913,807)	1,605,114	31,965,356	4,231,459
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	2,000,000	51,103	2,051,103	-
Cash received from other funds	-	-	495,156	495,156	-
Transfers to other funds	(6,648,818)	-	(4,160,525)	(10,809,343)	(4,050,000)
Net cash provided by (used in) non-capital financing activities	(6,648,818)	2,000,000	(3,614,266)	(8,263,084)	(4,050,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(9,625,000)	-	-	(9,625,000)	-
Bond proceeds	63,457,643	-	-	63,457,643	-
Principal paid on interfund loans	-	(441,018)	(54,138)	(495,156)	-
Interest and fiscal charges on debt	(10,543,570)	(58,982)	-	(10,602,552)	-
Acquisition and construction of capital assets	(13,896,801)	(2,678,392)	(298,554)	(16,873,747)	(46,978)
Proceeds from sale of assets	79,969	-	46,991	126,960	-
Capital grants	-	30,116,987	-	30,116,987	-
Net cash provided by (used in) capital and related financing activities	29,472,241	26,938,595	(305,701)	56,105,135	(46,978)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(7,559,962)	-	(6,473,960)	(14,033,922)	-
Proceeds from sale and maturities of securities	130,359	-	-	130,359	-
Investment earnings (loss)	(2,455,333)	566,651	(74,677)	(1,963,359)	166,950
Net cash provided by (used in) investing activities	(9,884,936)	566,651	(6,548,637)	(15,866,922)	166,950
Net increase (decrease) in cash	44,212,536	28,591,439	(8,863,490)	63,940,485	301,431
Cash and cash equivalents at beginning of year	130,527,047	15,941,176	15,177,111	161,645,334	17,434,083
Cash and cash equivalents at end of year	$ 174,739,583	$ 44,532,615	$ 6,313,621	$ 225,585,819	$ 17,735,514
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION					
Unrestricted cash and cash equivalents	$ 1,155,700	$ 3,150,648	$ 6,303,621	$ 10,609,969	$ 13,981,624
Restricted cash and cash equivalents	173,583,883	41,381,967	10,000	214,975,850	3,753,890
	$ 174,739,583	$ 44,532,615	$ 6,313,621	$ 225,585,819	$ 17,735,514
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	$ 21,910,618	$ (4,498,432)	$ 2,385,409	$ 19,797,595	$ 4,331,011
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	12,544,555	4,868,711	385,327	17,798,593	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(1,323,302)	(129,014)	(475,827)	(1,928,143)	275,240
Accrued interest receivable	(99,492)	162,779	(52,979)	10,308	
Due from other funds	10	-	-	10	-
Inventory	(370,473)	(39,768)	-	(410,241)	-
Prepaid items	(817,425)	(818,915)	(231,240)	(1,867,580)	-
Leases receivable and deferred inflows from leases	-	(202,955)	-	(202,955)	-
Increase (decrease) in liabilities:					
Accounts payable	970,479	(173,307)	491,872	1,289,044	(393,072)
Accrued liabilities	(1,663,128)	41,653	(728,641)	(2,350,116)	18,280
Due to other funds	27,975	-	(27,285)	690	-
Compensated absences	(956)	3,216	(21,972)	(19,712)	-
Deposits	475,738	(39,593)	-	436,145	-
Net pension liability and OPEB obligation	(380,550)	(88,182)	(119,550)	(588,282)	-
Total adjustments	9,363,431	3,584,625	(780,295)	12,167,761	(99,552)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 31,274,049	$ (913,807)	$ 1,605,114	$ 31,965,356	$ 4,231,459
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	$ 24,113,324	$ 946,214	$ -	$ 25,059,538	$ -
Transfer of capital assets	-	-	-	-	(46,978)

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Fiduciary Net Position
Custodial Fund
September 30, 2022

	Custodial Fund
	BB Owen Park
ASSETS	
Cash and cash equivalents	$ -
TOTAL ASSETS	$ -
NET POSITION	
Restricted for other purposes	$ -
TOTAL NET POSITION	$ -

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended September 30, 2022

	Custodial Fund
	BB Owen Park
ADDITIONS	
Additions from interest income	$ 945
TOTAL ADDITIONS	945
DEDUCTIONS	
Distribution to developer	307,175
TOTAL DEDUCTIONS	307,175
Change in net position	(306,230)
NET POSITION	
Restricted for other purposes	
Net position, beginning	306,230
Net position, ending	$ -

The notes to the financial statements are an integral part of this statement.

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City of McKinney, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2022

	Governmental Activities				Business-Type Activities	
	McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
ASSETS						
Cash and cash equivalents	$ 15,404,669	$ 30,633,635	$ 137,937	438,396	$ 816,852	$ 47,431,489
Investments	-	32,938,460	-	-	-	32,938,460
Receivables (net of allowance for uncollectibles)	3,693,069	3,760,395	-	39,043	80,000	7,572,507
Prepaid items	6,819,798	18,529	3,800	-	-	6,842,127
Other assets	-	-	-	-	51	51
Restricted assets:						
Cash and cash equivalents	3,699,495	-	-	-	-	3,699,495
Capital assets:						
Non depreciable	67,157,375	12,352,834	-	-	3,146,775	82,656,984
Depreciable (net)	2,468	102,521	-	133,936	-	238,925
Total assets	96,776,874	79,806,374	141,737	611,375	4,043,678	181,380,038
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	177,631	45,540	69,257	-	-	292,428
Deferred OPEB outflows	32,079	8,225	12,507	-	-	52,811
Deferred charge for refunding	144,692	-	-	-	-	144,692
Total deferred outflows of resources	354,402	53,765	81,764	-	-	489,931
LIABILITIES						
Accounts payable	51,198	238,057	56,988	116,043	8,400	470,686
Other accrued liabilities	23,987	8,615	7,717	79	-	40,398
Unearned revenue	-	-	-	32,000	3,099,563	3,131,563
Accrued interest payable	22,948	79,505	-	-	-	102,453
Deposits	7,500	2,500	-	-	-	10,000
Non-current liabilities:						
Due within one year:						
Compensated absences	5,375	4,520	2,504	-	-	12,399
Bonds payable	2,185,000	1,085,000	-	-	-	3,270,000
Due in more than one year:						
Compensated absences	64,697	54,405	30,137	-	-	149,239
Bonds payable	18,290,000	16,210,000	-	-	-	34,500,000
Net pension liability	218,096	55,914	85,033	-	-	359,043
Total OPEB liability	199,512	51,150	77,788	-	-	328,450
Total liabilities	21,068,313	17,789,666	260,167	148,122	3,107,963	42,374,231
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	207,704	53,249	80,982	-	-	341,935
Deferred OPEB inflows	52,699	13,511	20,547	-	-	86,757
Total deferred inflows of resources	260,403	66,760	101,529	-	-	428,692
NET POSITION						
Net investment in capital assets	46,829,535	(4,839,645)	-	133,936	3,146,775	45,270,601
Restricted for:						
Debt service	3,676,547	-	-	-	-	3,676,547
Unrestricted	25,296,478	66,843,358	(138,195)	329,317	(2,211,060)	90,119,898
TOTAL NET POSITION (DEFICIT)	$ 75,802,560	$ 62,003,713	$ (138,195)	$ 463,253	$ 935,715	$ 139,067,046

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Units
For the Year Ended September 30, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
McKinney Economic Dev. Corporation	$ 13,343,735	$ -	$ -	$ -
McKinney Community Dev. Corporation	10,605,883	-	1,000,000	-
McKinney Convention & Visitors Bureau	918,271	-	895,000	-
McKinney Main Street Corporation	1,205,474	1,094,607	158,779	-
Total governmental activities	26,073,363	1,094,607	2,053,779	-
Business-type activities:				
McKinney Housing Finance Corporation	21,714	132,732	-	-
Total business-type activities				
TOTAL COMPONENT UNITS	$ 26,095,077	$ 1,227,339	$ 2,053,779	$ -

General revenues:
Sales taxes
Investment income
Gain (loss) on the sale of assets
Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position						
Component Units						
McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
$ (13,343,735)	$ -	$ -	$ -	$ -	$ (13,343,735)
-	(9,605,883)	-	-	-	(9,605,883)
-	-	(23,271)	-	-	(23,271)
-	-	-	47,912	-	47,912
(13,343,735)	(9,605,883)	(23,271)	47,912	-	(22,924,977)
-	-	-	-	111,018	111,018
$ (13,343,735)	$ (9,605,883)	$ (23,271)	$ 47,912	$ 111,018	$ (22,813,959)
$ 21,187,337	$ 21,187,337	$ -	$ -	$ -	$ 42,374,674
146,581	422,548	830	165	143	570,267
916	-	-	-	-	916
-	-	4,686	-	-	4,686
21,334,834	21,609,885	5,516	165	143	42,950,543
7,991,099	12,004,002	(17,755)	48,077	111,161	20,136,584
67,811,461	49,999,711	(120,440)	415,176	824,554	118,930,462
$ 75,802,560	$ 62,003,713	$ (138,195)	$ 463,253	$ 935,715	$ 139,067,046

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Note 1. Summary of Significant Accounting Policies

The City of McKinney (the City) was incorporated in 1848. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and waterworks.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2022.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the original adopted and final amended budgets with actual results for adopted funds.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City. Discretely presented component units are legally separate entities that are not considered part of the City's operations; therefore, data from these component units are shown separately from the data of the City.

Blended Component Units
The McKinney Urban Transit District (MUTD) is a blended component unit presented as a nonmajor special revenue fund of the City. The governing body of the MUTD consists of the seven City of McKinney councilmembers and one representative from each of the district members including the Collin County Commissioners' Court, the City of Celina, the City of Lowry Crossing, the City of Melissa, the City of Princeton and the City of Prosper. The MUTD budget is subject to approval of the City of McKinney Council. The MUTD budget is financed primarily by state/federal grants and member contributions and has a September 30 year-end. The purpose of the MUTD is to provide transportation to residents of McKinney, Melissa, Princeton, Lowry Crossing, Celina and Prosper who are 65 years of age or older or are disabled. MUTD services almost exclusively benefit the primary government even though it does not provide services directly to the City.

Discretely Presented Component Units
The McKinney Economic Development Corporation (MEDC) is a discretely presented component unit in the basic financial statements. The governing body of the MEDC is appointed by the City Council and the MEDC's operating budget is subject to approval of the City Council. The City does not have a voting majority of the corporation. The purpose of the MEDC is to aid, promote and further the economic development within the City. The MEDC is financed with a voter-approved half-cent city sales tax. The MEDC has a September 30 year-end. Under a contract with the MEDC, the City performs financial services for the MEDC. There are no separately issued financial statements of the MEDC, which is reported as a governmental fund.

The McKinney Community Development Corporation (MCDC) is a discretely presented component unit in the basic financial statements. The MCDC is governed by a seven-member board appointed by the City Council and at least three board members cannot be City employees or Council members. The City does not have a voting majority of the corporation. The purpose of the MCDC is to identify and fund public projects to maintain or enhance the quality of life reflecting hometown values and priorities, visionary planning, balanced needs, and fiscal responsibility for current and future residents, visitors and businesses of our community. The MCDC is financed with a voter-approved half-cent city sales tax. The MCDC has a September 30 year-end. Under a contract with the MCDC, the City performs financial services for the MCDC. There are no separately issued financial statements of the MCDC, which is reported as a governmental fund.

The McKinney Main Street (MMS) is a discretely presented component unit in the basic financial statements. The governing body of MMS is appointed by the City Council and the MMS's budget is subject to approval of the City Council. MMS budget is financed primarily by events held in the Downtown McKinney area. MMS is a separate legal entity from the City and its sole purpose is to promote McKinney's vibrant downtown area. MMS has a September 30 year-end. MMS financial services are decentralized from the City. There are no separately issued financial statements of MMS.

The McKinney Convention & Visitors Bureau (MCVB) is a discretely presented component unit in the basic financial statements. The governing body of the MCVB is appointed by the City Council and the MCVB's budget is subject to approval of the City Council. The MCVB budget is financed primarily by hotel/motel occupancy taxes. The MCVB is a separate legal entity from the City and its sole purpose is to promote McKinney as the destination of choice. The MCVB has a September 30 year-end. Under a contract with the MCVB, the City performs financial services for the MCVB. There are no separately issued financial statements of the MCVB.

The McKinney Housing Finance Corporation (MHFC) is a discretely presented component unit in the basic financial statements. The governing body of the MHFC is appointed by the City Council and the MHFC's budget is subject to approval of the City Council. The MHFC finances the cost of residential ownership and development on behalf of the City to provide decent, safe and sanitary housing for City residents at affordable prices. MHFC budget is financed primarily by developer fees and has a September 30 year-end.

All discretely presented component units were deemed to be major component units for presentation purposes.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund's financial statements. The major governmental funds are the general fund, debt service fund, and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund, airport fund, and other proprietary funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

Internal service funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments include providing risk financing and insurance-related activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, sales taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the City:

1. **Governmental Funds:**

   Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major Governmental Funds of the City:

   a. **The General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

   b. **The Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid from taxes levied by the City.

   c. **The Capital Projects Fund** consists of various types of financial resources and is utilized in the acquiring or constructing of capital infrastructure within the City. These include facilities, streets, stormwater drainage, libraries, public safety, parks, recreation and technology.

   Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

2. **Proprietary Funds:**

   Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

   The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

   a. **The Water and Wastewater Fund** is used to account for the operations of the water and wastewater system.

   b. **The Airport Fund** is used to account for the operations of the airport.

   Other Proprietary Funds is a summarization of all of the nonmajor proprietary funds.

The Insurance and Risk Management Fund is an internal service funds is used to account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The insurance claims self-funded program of the City is accounted for in this fund. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on City experience since the inception of the programs and data provided by actuarial consultants.

3. Custodial fund:

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others.

The City's fiduciary activities are reported in a Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported are used for their intended purpose.

Cash, Cash Equivalents, and Investments

Cash of all funds, excluding the City's payroll clearing account, law enforcement bank account, EMS account, flexible spending account and certain escrow accounts, is pooled into a common interest earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments are recorded at amortized cost, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

Realized gains and losses on investments that have been held during more than one fiscal year, and sold in the current, were included as a change in the fair value of the investments reported in the prior year and the current year. Management's intent is to hold all investments to maturity.

In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are also classified as nonspendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and fuel and are recorded at the lower of cost or market.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2022, and the related nonspendable fund balance amount has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

The cost of governmental fund type prepaid balances is recorded as an expenditure when consumed rather than when purchased.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds." Long-term advances between funds are reported as "advances to/from other funds" and represent the non-current portion of interfund loans.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Utility Capital Projects Fund is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The Revenue Debt Service Fund is used to segregate resources accumulated for debt service payments over the next twelve months. The Revenue Bond Reserve Fund is used to report resources set aside to make up potential future deficiencies in the Revenue Debt Service Fund. The Revenue Bond Reserve Fund is required to reserve an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds.

Also included in the restricted assets are capital recovery fees that are, by law, restricted to the projects these funds may be used to support. The Utility Development Impact Fee Fund is used to segregate these resources and to account for the use of these funds.

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Enterprise Fund.

The Utility Capital Projects Fund, Revenue Debt Service Fund, Revenue Bond Reserve Fund, and Utility Development Impact Fee Funds are included in the Water and Wastewater column on the proprietary funds statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Right-to-use leased assets are discussed in Leases below.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets (including right-to-use leased assets) of the primary government, as well as the component units, are depreciated/amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings/structures	10 to 50
Land improvements	20
Water and sewer system	50
Machinery and equipment	3 to 15
Motor vehicles	3 to 10
Traffic signals	10 to 15
Parks	20
Service animals	7 to 10
Storm sewer	50
Streets	20
Right-to-use leased buildings	3 to 6
Right-to-Use leased equipment	3 to 5

Compensated Absences

Vacation is earned in varying amounts up to a maximum of 200 hours per year for employees and 300 hours for fire shift personnel with 20 years or more of service. Unused vacation may be carried forward from one year to the next and is limited to 300 hours for employees and 450 hours for fire shift personnel. Sick leave is accrued by employees at a rate of 11.37 hours per month and by fire shift personnel at a rate of 15.4 hours per month.

Compensation for accrued sick leave is paid upon separation up to a maximum of 160 hours for employees (excluding fire and sworn police personnel) with 5 consecutive years of service. Qualifying fire personnel are eligible for varying amounts of sick leave up to a maximum of 1080 hours after 20 years of service. Qualifying sworn police personnel are eligible for varying amounts of sick leave up to a maximum of 770 hours after 20 years of service.

All vacation and sick leave pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred charges for refunding are amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is recorded as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $125,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Allocations of pension items to the City's enterprise funds and component units are determined on the basis of employee payroll funding.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability of each OPEB plan, deferred outflows of resources and deferred inflows of resources related to each OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans.

Governmental Activities, Business-type Activities and Component Units of the City reported the following total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEBs as of September 30, 2022:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:			
Retiree Health Care Plan	$ 18,302,968	$ 2,942,913	$ 4,834,521
Supplemental Death Benefits Plan	3,131,627	982,031	435,872
	$ 21,434,595	$ 3,924,944	$ 5,270,393
Business-Type Activities:			
Retire Health Care Plan	$ 2,448,373	$ 393,675	$ 646,710
Component Units:			
Retire Health Care Plan	$ 328,450	$ 52,811	$ 86,757

For the year ended September 30, 2022, the City recognized aggregate OPEB expense of $2,232,793.

Allocations of OPEB items to the City's enterprise funds and component units are determined on the basis of full-time employee counts by department.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges for refundings – A deferred charge for refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Excess consideration provided for acquisition – In November 2013, the City purchased the hangars, office building/terminal, miscellaneous furniture and fixture, and fixed base operations (FBO) from various related business entities at McKinney National Airport. This is the amount, net of amortization, which the City paid in excess of the fair value of the assets for the fixed base business operations. The deferred charges are being amortized over a period of 18 years.

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.

- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.

- Difference in projected and actual experience (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Changes of Assumptions (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Difference in projected and actual earnings on pension investments – This difference is deferred and amortized to pension expense over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue or reduction in pension and OPEB expense) until that time. The City has four types of items that qualify for reporting in this category in the government-wide financial statements. The difference in expected and actual experience and changes of assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. In the fund financial statements, resources unavailable for revenue recognition are deferred and recognized as revenue when available. In addition, there are deferred amounts related to leases, that is initially an offset to leases receivable recorded at lease commencement, and is subsequently recognized as revenue over the life of the lease term.

Fund Equity

The City establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe the constraints imposed upon the use of the resources reported in governmental funds on accordance with GASB Statement No. 54. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources as approved by the City Council or by their designated body or official.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by formal action of the City Council, which is the highest level of decision making authority for the City. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council or the City Manager as defined in the Financial Policies.

Unassigned fund balance includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City will maintain a minimum fund balance reserve equal to three months of the total operating expenses of the General Fund. All fund balances are formally approved on an annual basis by the City Council.

GASB Pronouncements Implemented by the City

GASB Statement No. 87, *Leases*. This Statement was issued in June 2017 and increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Data

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. Each department submits to the City Manager a budget of estimated expenditures for the ensuing fiscal year no later than August 1. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance publication and after the first Monday in September.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Budgeted amounts are as originally adopted, or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance. During fiscal year 2022, the total amendments to the original adopted budgeted amounts resulted in a $11,165,409 increase in budgeted General Fund expenditures.

Budgets for the General Fund, Debt Service Fund, Capital Projects Fund, and each nonmajor special revenue fund are legally adopted on a basis consistent with GAAP.

Departmental appropriations that have not been expended or encumbered by the departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management.

Note 3. Detailed Notes on All Funds

Cash and Investments

Cash and investments as of September 30, 2022, consist of and are classified in the accompanying financial statements as follows:

PRIMARY GOVERNMENT		
Statement of net position:		
Cash and cash equivalents	$	158,899,467
Investments		185,430,140
Restricted cash and cash equivalents		398,279,238
Restricted investments		13,895,520
Total cash and investments	$	756,504,365
Cash on hand	$	11,476
Deposits with financial institution, excluding certificates of deposit		19,556,204
Investments		736,936,685
Total cash and investments	$	756,504,365
COMPONENT UNITS		
Statement of net position:		
Cash and cash equivalents	$	47,431,489
Investments		32,938,460
Restricted cash and cash equivalents		3,699,495
Total cash and investments	$	84,069,444
Cash on hand	$	400
Deposits with financial institution, excluding certificates of deposit		1,543,470
Investments		82,525,574
Total cash and investments	$	84,069,444

The table below identifies the investment types that are authorized for the City by the *Public Funds Investment Act* (Government Code Chapter 2256), the "Act". The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City investment policy is designed to manage its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City policy has a weighted average maturity limit of 730 days in aggregate.

As of September 30, 2022, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
PRIMARY GOVERNMENT		
TexPool	$ 57,642,090	24 days
TexPool Prime	64,341,819	12 days
LOGIC	109,062,862	18 days
Texas DAILY	162,915,141	20 days
Texas CLASS	143,649,113	31 days
Federal Agency Securities	199,325,660	
Total Fair Value	$ 736,936,685	
COMPONENT UNITS		
TexPool Prime	$ 16,776,661	12 days
LOGIC	16,120,385	18 days
Texas Daily	2,263,233	20 days
Texas CLASS	14,426,835	31 days
Federal Agency Securities	32,938,460	
Total Fair Value	$ 82,525,574	
Total Fair Value - Reporting Entity	$ 819,462,259	

* The table reflects the investment pool's weighted average maturity as it relates to the City's investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
PRIMARY GOVERNMENT			
TexPool	$ 57,642,090	AAA/AAA-m	AAA-m
TexPool Prime	64,341,819	AAA/AAA-m	AAA-m
LOGIC	109,062,862	AAA/AAA-m	AAA-m
Texas DAILY	162,915,141	AAA/AAA-m	AAA-m
Texas CLASS	143,649,113	AAA/AAA-m	AAA-m
Federal Agency Securities	199,325,660	AAA	AAA
	$ 736,936,685		

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
COMPONENT UNITS			
TexPool Prime	$ 16,776,661	AAA/AAA-m	AAA-m
LOGIC	16,120,385	AAA/AAA-m	AAA-m
Texas Daily	2,263,233	AAA/AAA-m	AAA-m
Texas CLASS	14,426,835	AAA/AAA-m	AAA-m
Federal Agency Securities	32,938,460	AAA	AAA
	$ 82,525,574		

Custodial Credit Risk

The Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2022, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

The City is invested in Texas Daily, a portfolio of the TexasTERM Local Government Investment Pool (Pool) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Cutwater Investor Services Corp. with Wells Fargo Bank Texas, NA as the Custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2022, were 99.92% of the adjusted tax levy.

Allocations of property tax levy by purpose for 2022 and the preceding year are as follows (amounts per $100 assessed value):

	2022	2021
General Fund	$ 0.345517	$ 0.354711
Debt Service	0.152138	0.153934
	$ 0.497655	$ 0.508645

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level. In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios.

The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter which also imposes a limit of $2.50 but does not prescribe a legal debt limit. The 2022 ad valorem tax rate of $0.497655 is in compliance with the rate limitation.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Interest	$ 98,122	$ -	$ 429,404	$ -	$ 527,526
Taxes	11,654,490	403,860	-	282,888	12,341,238
Accounts	4,159,005	-	-	511,514	4,670,519
Notes	1,156,052	-	-	-	1,156,052
Leases	12,006,369	-	-	-	12,006,369
Due from other governments	841,595	-	-	1,403,822	2,245,417
Gross receivables	29,915,633	403,860	429,404	2,198,224	32,947,121
Less: allowance	(893,113)	-	-	-	(893,113)
Net total receivables and due from other governments	$ 29,022,520	$ 403,860	$ 429,404	$ 2,198,224	$ 32,054,008

	Business-type Activities			
	Water Wastewater	Airport	Nonmajor Enterprise Funds	Total
Customer accounts	$ 15,850,921	$ 129,014	$ 2,712,820	$ 18,692,755
Less: allowance	(199,698)	-	(31,880)	(231,578)
Net total receivables	$ 15,651,223	$ 129,014	$ 2,680,940	$ 18,461,177
Accrued interest receivable	$ 169,374	$ -	$ 55,729	$ 225,103

The business-type activities accounts receivable includes unbilled charges for services rendered at September 30, 2022. The Water and Wastewater Fund also reported restricted interest receivables at year-end of $46,567.

At September 30, 2022, accounts and notes receivable on the Statement of Net Position represent amounts owed to the MEDC for loans made to private businesses in the community. If certain contractual obligations are met by some of these private enterprises at a future date, a portion of the amounts owed may be forgiven. Due to the likelihood that the provisions would be met by the corporations, the City has elected to expense the advance at the time of transfer. At September 30, 2022, accounts receivable includes $3,693,069 representing sales tax owed to MEDC. Receivables as of year-end for MEDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2022.

At September 30, 2022, accounts receivable include $3,693,069 representing sales tax owed to MCDC. Receivables as of year-end for MCDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2022.

At September 30, 2022, MHFC accounts receivable include $80,000 for services provided. Receivables as of year-end for MHFC were collected after year-end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2022.

Leases receivable - The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land, hangar or office space, sports complexes, and cell sites to other organizations over the term of the lease. The City receives annual or monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases are 4.00%. The City has $23,090,338 remaining in lease receivables and $22,598,546 remaining in deferred inflows as of September 30, 2022.

	Interest Rate	Receivable at Commencement	Lease Term in Years	Ending Balance
General Fund				
Sports complexes	4.00%	$ 7,945,767	2-19	$ 7,640,116
Cell sites	4.00%	4,537,612	10-20	4,366,253
Total governmental activities				$ 12,006,369
Airport Fund				
Land	4.00%	$ 2,762,432	20-27	$ 2,697,701
Hangar or office space	4.00%	9,531,563	3-8	8,386,267
Total business-type activities				$ 11,083,968

Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 75,370,160	$ 1,378,293	$ (40,112)	$ 3,932,385	$ 80,640,726
Works of art	93,600	930,270	-	-	1,023,870
Construction in progress	141,879,882	76,476,506	(3,872,836)	(54,801,533)	159,682,019
Total capital assets, not being depreciated	217,343,642	78,785,069	(3,912,948)	(50,869,148)	241,346,615
Capital assets being depreciated/amortized:					
Buildings	179,472,844	228,089	-	15,833,810	195,534,743
Right-to-use lease buildings	-	2,652,161	-	-	2,652,161
Infrastructure	916,641,671	21,222,560	(135,465)	34,480,138	972,208,904
Machinery & equipment	74,378,964	7,240,666	(1,205,738)	555,200	80,969,092
Service animals	46,500	10,000	-	-	56,500
Total capital assets being depreciated/amortized	1,170,539,979	31,353,476	(1,341,203)	50,869,148	1,251,421,400
Less accumulated depreciation/amortization for:					
Buildings	(55,993,939)	(4,536,355)	-	-	(60,530,294)
Right-to-use lease buildings	-	(538,448)	-	-	(538,448)
Infrastructure	(517,240,361)	(37,459,362)	54,186	-	(554,645,537)
Machinery and equipment	(47,987,664)	(6,140,753)	1,156,078	-	(52,972,339)
Service animals	(17,487)	(6,267)	-	-	(23,754)
Total accumulated depreciation/amortization	(621,239,451)	(48,681,185)	1,210,264	-	(668,710,372)
Total capital assets being depreciated/amortized, net	549,300,528	(17,327,709)	(130,939)	50,869,148	582,711,028
Governmental activities, capital assets, net	$ 766,644,170	$ 61,457,360	$ (4,043,887)	$ -	$ 824,057,643

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 53,594,341	$ -	$ (106,482)	$ -	$ 53,487,859
Construction in progress	70,755,769	30,131,401	(6,192,439)	(44,720,935)	49,973,796
Total capital assets, not being depreciated	124,350,110	30,131,401	(6,298,921)	(44,720,935)	103,461,655
Capital assets being depreciated/amortized:					
Buildings	55,053,767	-	-	-	55,053,767
Infrastructure	604,311,339	16,690,276	-	44,444,045	665,445,660
Machinery & equipment	18,327,251	1,264,947	(305,813)	276,890	19,563,275
Right-to-use lease machinery & equipment	-	250,235	-	-	250,235
Total capital assets being depreciated/amortized	677,692,357	18,205,458	(305,813)	44,720,935	740,312,937
Less accumulated depreciation/amortization for:					
Buildings	(17,575,260)	(1,927,555)	-	-	(19,502,815)
Infrastructure	(166,795,354)	(13,919,869)	-	-	(180,715,223)
Machinery and equipment	(10,837,934)	(1,476,944)	293,619	-	(12,021,259)
Right-to-use lease machinery & equipment	-	(81,157)	-	-	(81,157)
Total accumulated depreciation/amortization	(195,208,548)	(17,405,525)	293,619	-	(212,320,454)
Total capital assets being depreciated/amortized, net	482,483,809	799,933	(12,194)	44,720,935	527,992,483
Business-type activities, capital assets, net	$ 606,833,919	$ 30,931,334	$ (6,311,115)	$ -	$ 631,454,138

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
APEX	$	974,631
Development		186,539
Fire		2,749,863
Fleet maintenance		40,294
General government		2,885,175
Libraries		644,519
Parks and recreation		5,008,765
Police		1,864,666
Public works		34,326,733
Total depreciation/amortization expense - governmental activities	$	48,681,185
Business-type activities:		
Airport	$	4,475,643
Golf Course		56,267
Solid Waste		64,177
Surface Water Drainage		264,883
Water and Wastewater		12,544,555
Total depreciation/amortization expense - business-type activities		17,405,525
Airport		
Amortization of excess cost of consideration		393,068
Total depreciation and amortization - business-type activities	$	17,798,593

Capital asset activity for discretely presented component units for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MEDC:					
Capital assets, not being depreciated:					
Land	$ 66,893,335	$ -	$ -	$ -	$ 66,893,335
Construction in progress	-	264,040	-	-	264,040
Total capital assets, not being depreciated	66,893,335	264,040	-	-	67,157,375
Capital assets, being depreciated:					
Improvements other than buildings	257,783	-	-	-	257,783
Machinery and equipment	61,087	-	-	-	61,087
Total capital assets being depreciated	318,870	-	-	-	318,870
Less accumulated depreciation for:					
Improvements other than buildings	(257,783)	-	-	-	(257,783)
Machinery and equipment	(50,757)	(7,862)	-	-	(58,619)
Total accumulated depreciation	(308,540)	(7,862)	-	-	(316,402)
Total capital assets, being depreciated, net	10,330	(7,862)	-	-	2,468
Capital Assets, Net	$ 66,903,665	$ 256,178	$ -	$ -	$ 67,159,843

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MCDC:					
Capital Assets, not being depreciated:					
Land	$ 6,279,989	$ -	$ -	$ -	$ 6,279,989
Construction in progress	798,025	5,274,820	-	-	6,072,845
Total capital assets, not being depreciated	7,078,014	5,274,820	-	-	12,352,834
Capital assets, being depreciated:					
Infrastructure	206,765	-	-	-	206,765
Total capital assets, being depreciated	206,765	-	-	-	206,765
Less accumulated depreciation for:					
Infrastructure	(93,906)	(10,338)	-	-	(104,244)
Total accumulated depreciation	(93,906)	(10,338)	-	-	(104,244)
Total capital assets, being depreciated, net	112,859	(10,338)	-	-	102,521
Capital Assets, Net	$ 7,190,873	$ 5,264,482	$ -	$ -	$ 12,455,355

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MMS:					
Capital assets being depreciated:					
Infrastructure	$ 127,183	$ -	$ -	$ -	$ 127,183
Machinery & equipment	74,901	-	-	-	74,901
Total capital assets being depreciated	202,084	-	-	-	202,084
Less accumulated depreciation for:					
Infrastructure	(8,413)	(6,359)	-	-	(14,772)
Machinery and equipment	(44,862)	(8,514)	-	-	(53,376)
Total accumulated depreciation	(53,275)	(14,873)	-	-	(68,148)
Total capital assets being depreciated, net	148,809	(14,873)	-	-	133,936
Capital Assets, Net	$ 148,809	$ (14,873)	$ -	$ -	$ 133,936

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MHFC:					
Capital assets not being depreciated:					
Land	$ 3,146,775	$ -	$ -	$ -	$ 3,146,775
Total capital assets, not being depreciated	3,146,775	-	-	-	3,146,775
Capital Assets	$ 3,146,775	$ -	$ -	$ -	$ 3,146,775

Capital Improvement Program Commitments

The City has active construction projects as of September 30, 2022. The projects include Governmental type activities such as: streets, parks, fire, police, facilities, library, and stormwater construction. The commitment for Governmental Activities is being financed by General Obligation Bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The Water/Wastewater and Airport commitments are being financed by revenue bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The remaining commitment was for expenditures not yet incurred.

Commitments for construction in progress are composed of the following:

	Project Budget Appropriation	Spent-to-date	Remaining Commitment
Governmental	$ 514,671,979	$ 238,875,317	$ 275,796,662
Water and Wastewater	245,069,147	88,181,180	156,887,967
Airport	72,410,433	17,278,378	55,132,055
Total	$ 832,151,559	$ 344,334,875	$ 487,816,684

Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables balances at September 30, 2022, is as follows:

Receivable Fund	Payable Fund	Amount	Primary Purpose
General Fund	Water/Wastewater Fund	$ 393,469	Franchise fee accrual
General Fund	Solid Waste Fund	17,761	License fee accrual
General Fund	Nonnmajor Governmental Funds	708,600	To cover cash shortage
Water/Wastewater Fund	Solid Waste Fund	15,235	Sanitation billing accrual
	Total	$ 1,135,065	

Transfers between funds during the year were as follows:

	Transfers In					
Transfer Out	General fund	Capital projects	Nonmajor governmental funds	Airport	Nonmajor enterprise funds	Total
Internal service	$ 2,000,000	$ 2,050,000	$ -	-	$ -	$ 4,050,000
Nonmajor enterprise funds	1,110,525	3,050,000	-	-	-	4,160,525
General fund	-	6,400,000	20,000	-	-	6,420,000
Nonmajor governmental funds	757,520	1,033,616	-	2,000,000	-	3,791,136
Water and wastewater	3,397,715	3,200,000	-	-	51,103	6,648,818
	$ 7,265,760	$ 15,733,616	$ 20,000	$ 2,000,000	$ 51,103	$ 25,070,479

Transfers are used to:

- Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.
- Move restricted amounts from borrowing to the debt service fund to establish mandatory reserve accounts.
- Move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.
- Support monthly general and administrative fees which are expected to be paid from governmental activities.

The City's more significant transfers are listed below:

- Transfers of $2,895,715 and $500,000 were made from the water and wastewater fund to the general fund in order to supplement the general fund for monthly general and administrative fees as well as fund the capital equipment replacement fund, held within the general fund.
- Transfers of $6,400,000 were made from the general fund, $3,050,000 from the nonmajor enterprise funds, $1,003,616 the nonmajor governmental funds, and $3,200,000 from the water and wastewater fund to the capital projects fund for CIP projects.
- Transfer of $2,000,000 was made from the nonmajor governmental funds (the TIRZ 2 fund) to the airport fund for CIP projects.

Note Receivable
In January 2010, City Council approved a loan from the solid waste fund to the golf course fund. The loan was issued in the amount of $800,000. In March 2011, City Council approved an increase to the existing loan of $261,000. The balance of the note as of September 30, 2022, is $469,408. Under the loan agreement, the golf course fund will make interest payments annually at a rate of 1.75% through 2030.

In March 2017, City Council approved a loan from the solid waste fund to the airport fund. The loan was issued in the amount of $5,000,000. Under the loan agreement, the airport will make interest payments annually at a rate of 1.49% through 2028. As of September 30, 2022, the outstanding balance was $3,517,487.

Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. Tax, court, EMS and franchise fees which are reported as unavailable revenue in the governmental funds are recorded as revenue in the government-wide financial statements. Grant and miscellaneous revenues are reported as unearned in both the governmental fund and government-wide financial statements.

At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Unavailable Revenue	Total Unearned Revenue
Tax revenue	$ 854,569	$ 393,638	$ -	$ -	$ 1,248,207	$ -
Court revenue	16,288	-	-	-	16,288	-
EMS revenue	959,096	-	-	-	959,096	-
Franchise fees	1,169,800	-	-	-	1,169,800	-
Miscellaneous	862,825	-	3,765,161	-	-	4,627,986
Grants	23,115,761	-	-	523,101	-	23,638,862
	$ 26,978,339	$ 393,638	$ 3,765,161	$ 523,101	$ 3,393,391	$ 28,266,848

Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 284,175,000	$ 79,560,000	$ (26,865,000)	$ 336,870,000	$ 30,550,000
Certificates of obligation	17,275,000	-	(2,105,000)	15,170,000	1,905,000
	301,450,000	79,560,000	(28,970,000)	352,040,000	32,455,000
Issuance premium	30,712,192	3,834,614	(4,155,207)	30,391,599	3,954,794
Total bonds payable	332,162,192	83,394,614	(33,125,207)	382,431,599	36,409,794
Right-to-use lease liability	-	2,652,161	(467,830)	2,184,331	510,795
Net pension liability	34,641,646	-	(14,633,835)	20,007,811	-
Total OPEB liability	22,004,887	317,793	(888,085)	21,434,595	-
Compensated absences	15,380,005	2,489,906	(1,190,091)	16,679,820	1,279,342
Governmental activities - long-term debt	$ 404,188,730	$ 88,854,474	$ (50,305,048)	$ 442,738,156	$ 38,199,931
Business-type activities:					
Bonds payable:					
Water and Wastewater revenue bonds	$ 163,670,000	$ 56,110,000	$ (9,625,000)	$ 210,155,000	$ 10,140,000
Issuance premium	20,638,370	7,347,643	(2,431,978)	25,554,035	2,692,906
Total bonds payable	184,308,370	63,457,643	(12,056,978)	235,709,035	12,832,906
Right-to-use lease liability	-	250,235	(77,807)	172,428	80,977
Net pension liability	4,633,983	-	(1,957,556)	2,676,427	-
Total OPEB liability	2,567,171	-	(118,798)	2,448,373	-
Compensated absences	1,641,080	176,236	(195,948)	1,621,368	124,359
Business-type activities - long-term debt	$ 193,150,604	$ 63,884,114	$ (14,407,087)	$ 242,627,631	$ 13,038,242

A summary for long-term debt transactions, including current portion, for the discretely presented component units for the year ended September 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
MEDC:					
Bonds payable					
Sales tax revenue bonds	$ 22,650,000	$ -	$ (2,175,000)	$ 20,475,000	$ 2,185,000
Net pension liability	377,613	-	(159,517)	218,096	-
Total OPEB liability	209,193	-	(9,681)	199,512	-
Compensated absences	117,210	54,281	(101,419)	70,072	5,375
Component unit activities					
Long-term debt	$ 23,354,016	$ 54,281	$ (2,445,617)	$ 20,962,680	$ 2,190,375
MCDC:					
Bonds payable					
Sales tax revenue bonds	$ 18,350,000	$ -	$ (1,055,000)	$ 17,295,000	$ 1,085,000
Net pension liability	96,810	-	(40,896)	55,914	-
Total OPEB liability	53,632	-	(2,482)	51,150	-
Compensated absences	55,016	3,909	-	58,925	4,520
Component unit activities					
Long-term debt	$ 18,555,458	$ 3,909	$ (1,098,378)	$ 17,460,989	$ 1,089,520
MCVB:					
Net pension liability	$ 147,227	$ -	$ (62,194)	$ 85,033	$ -
Total OPEB liability	81,562	-	(3,774)	77,788	-
Compensated absences	59,344	11,330	(38,033)	32,641	2,504
Component unit activities					
Long-term debt	$ 288,133	$ 11,330	$ (104,001)	$ 195,462	$ 2,504

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued holiday, portion of sick leave, compensatory time and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

General Obligation Bonds and Certificates of Obligation

The General Obligation Bonds include $352,040,000 of Bonds and Certificates of Obligation with interest rates ranging from 1.00% to 5.00% maturing annually in varying amounts through 2052. Interest for these obligations is payable semi-annually. They are backed by the full faith and credit of the City and are payable from property taxes. The Certificates are additionally secured, by a limited pledge of certain net revenues of the City as specified in their official statements.

In May 2022, the City issued $63,415,000 General Obligation Bonds, Series 2022. The debt was issued for various public improvements. The bonds were issued with a premium of $3,263,946 with interest rates ranging from 3.50% to 5.00% and mature through 2042.

In August 2022, the City issued $16,145,000 Tax Increment Revenue Bonds, Series 2022. The debt was issued to facilitate development of land within the boundaries of TIRZ 1. The bonds were issued with a premium of $570,668 with interest rates ranging from 4.00% to 5.00% and mature through 2052.

Debt service requirements of the general obligation bonds and certificates of obligation bonds for the years subsequent to September 30, 2022, are as follows:

	General Obligation Bonds			Certificates of Obligation			
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements	Principal Requirements	Interest Requirements	Total Requirements	Total GO and CO Requirements
2023	$ 30,550,000	$ 13,969,376	$ 44,519,376	$ 1,905,000	$ 425,332	$ 2,330,332	$ 46,849,708
2024	24,975,000	12,065,019	37,040,019	1,405,000	358,450	1,763,450	38,803,469
2025	20,880,000	10,907,469	31,787,469	1,320,000	308,725	1,628,725	33,416,194
2026	17,190,000	9,955,909	27,145,909	1,360,000	268,835	1,628,835	28,774,744
2027	18,045,000	9,191,937	27,236,937	1,405,000	227,355	1,632,355	28,869,292
2028-2032	90,140,000	33,940,318	124,080,318	3,690,000	665,730	4,355,730	128,436,048
2033-2037	79,100,000	16,563,921	95,663,921	2,695,000	307,843	3,002,843	98,666,764
2038-2042	48,105,000	5,545,849	53,650,849	1,390,000	55,900	1,445,900	55,096,749
2043-2047	3,550,000	1,331,295	4,881,295	-	-	-	4,881,295
2048-2052	4,335,000	550,894	4,885,894	-	-	-	4,885,894
	$ 336,870,000	$ 114,021,987	$ 450,891,987	$ 15,170,000	$ 2,618,170	$ 17,788,170	$ 468,680,157

Proceeds of General Obligation Bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond elections. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures. The City Charter does not prescribe a debt limit.

Revenue Bonds

The revenue bonds are serial obligations with interest rates ranging from 2.00% to 5.00%, maturing annually in varying amounts through years 2042 and interest is payable semi-annually. Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the Water and Wastewater Fund and the Debt Service Reserve Fund established by the bond ordinances. The ordinances provide that the gross revenues are to be used first to pay operating and maintenance expenses of the system, and second to maintain revenue bond funds in accordance with bond covenants. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Annual principal and interest requirements on revenue bonds was less than 40 percent of net revenues. The City is in compliance with the revenue bond debt covenants as of September 30, 2022.

In May 2022, the City issued $56,110,000 of Waterworks and Sewer System Revenue Bonds, Series 2022. The debt was issued for various water and sewer system improvements. The bonds were issued with a premium of $7,347,643 with interest rates were 5.00% and matures through 2042.

Debt service requirements of the water and wastewater revenue bonds for the years subsequent to September 30, 2022, are as follows:

Fiscal Year	Revenue Bonds Principal Requirements	Interest Requirements	Total Requirements
2023	$ 10,140,000	$ 9,029,863	$ 19,169,863
2024	10,435,000	8,605,906	19,040,906
2025	10,635,000	8,124,819	18,759,819
2026	11,420,000	7,598,094	19,018,094
2027	10,850,000	7,067,819	17,917,819
2028-2032	54,255,000	27,602,619	81,857,619
2033-2037	63,285,000	14,100,734	77,385,734
2038-2042	39,135,000	3,416,925	42,551,925
	$ 210,155,000	$ 85,546,779	$ 295,701,779

Sales Tax Revenue Bonds

The sales tax revenue bonds are serial obligations with interest rates ranging from 0.34% to 4.12%, maturing annually in varying amounts through years 2035 and interest is payable semi-annually. These bonds are special obligations of the corporations payable from and secured by a lien on and pledge of the proceeds of the ¼ of the ½ cent sales and use tax levied within the City for the benefit of the respective component unit corporation.

The sales tax revenue bonds are used to defray the cost of any "project" defined as such by the Development Corporation Act of 1979, as amended. MEDC bonds were issued for approved projects of runway improvements at the City's airport and land acquisition. MCDC bonds were issued to construct and equip a community aquatics and fitness center to be donated to the City. These bonds are collateralized by the gross sales tax revenues of the corporations and the various special funds established by the bond ordinances. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met.

Annual principal and interest requirements on sales tax revenue bonds for the Corporations were less than 15% of gross sales tax revenues. The Corporations are in compliance with the bond covenants as of September 30, 2022.

Debt service requirements for the discretely presented component units of the sales tax revenue bonds for the years subsequent to September 30, 2022, are as follows:

	Sales Tax Revenue Bonds		
MEDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2023	$ 2,185,000	$ 284,874	$ 2,469,874
2024	2,190,000	276,353	2,466,353
2025	2,205,000	261,680	2,466,680
2026	2,230,000	238,527	2,468,527
2027	2,255,000	211,767	2,466,767
2028-2032	9,410,000	467,057	9,877,057
	$ 20,475,000	$ 1,740,258	$ 22,215,258

MCDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2023	$ 1,085,000	$ 636,044	$ 1,721,044
2024	1,115,000	605,436	1,720,436
2025	1,145,000	572,867	1,717,867
2026	1,180,000	537,589	1,717,589
2027	1,220,000	498,873	1,718,873
2028-2032	6,790,000	1,805,921	8,595,921
2033-2037	4,760,000	397,663	5,157,663
	$ 17,295,000	$ 5,054,393	$ 22,349,393

Conduit Debt

The McKinney Housing Finance Corporation (MHFC) issued conduit debt for purposes of low income housing development in the City of McKinney. Neither the City nor the MHFC has any obligation for such debt beyond the resources provided by a lease or loan with the third party. As of September 30, 2022, the aggregate outstanding conduit debt is $68,445,743.

Right-to-Use Lease Liability

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use property and vehicles over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability are as follows:

	Interest Rate	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Leased office space	4.00%	$ 2,652,161	3.0-6.0	$ 2,184,331
Total governmental activities				$ 2,184,331
Business-type activities				
Vehicles	4.00%	$ 250,235	3.0	$ 172,428
Total business-type activities				$ 172,428

The future principal and interest lease payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2023	$ 510,795	$ 78,080	$ 588,875
2024	516,509	57,254	573,763
2025	445,423	38,077	483,500
2026	381,683	21,517	403,200
2027	329,921	6,079	336,000
Total governmental activities	$ 2,184,331	$ 201,007	$ 2,385,338

Fiscal Year Ending	Principal	Interest	Total
2023	$ 80,977	$ 5,423	$ 86,400
2024	84,276	2,124	86,400
2025	7,175	25	7,200
Total business-type activities	$ 172,428	$ 7,572	$ 180,000

The value of the right-to-use assets for governmental activities as of the end of the current fiscal year was $2,652,161 and had accumulated amortization of $538,448. For business-type activities, the value of the right-to-use assets as of the end of the current fiscal year was $250,235 and had accumulated amortization of $81,157.

Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Purpose	Cash and Investments	Accrued Interest Receivable	Total
Water and Wastewater Funds:			
Utility Capital Projects Fund	$ 154,345,145	$ -	$ 154,345,145
Utility Development Impact Fee	8,522,637	-	8,522,637
Revenue Debt Service Fund	10,709,952	-	10,709,952
Revenue Bond Reserve Fund	13,901,666	46,567	13,948,233
Airport Funds:			
Operating Fund	247,857	-	247,857
Airport Construction Fund	41,134,110	-	41,134,110
Golf Course Fund	10,000	-	10,000
	$ 228,871,367	$ 46,567	$ 228,917,934

The ordinance authorizing the water and wastewater system revenue bonds requires that the City establish a fund, Revenue Bond Reserve Fund, to reserve an amount not less than the average annual requirement for the payment principal and interest on all the revenue bonds. At September 30, 2022, net position is sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the water and wastewater system. The proceeds are maintained as Restricted Assets – Utility Capital Projects Fund until such time as needed to fund the water and wastewater system construction program.

Note 4. Deferred Compensation Plan

Revenue Code Section 457. One plan is administered by Mission Square Retirement and the other is administered by Nationwide. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, therefore it is not reported in the financial statements of the City. Assets and liabilities are not included in the City's basic financial statements.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 5. Pension Plan

Plan Description

The City and three of its component units participate as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit agent multiple-employer pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) is an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7.0%
Matching Ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

Employees Covered by Benefit Terms:

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	399
Inactive employees entitled to but not yet receiving benefits	597
Active employees	1,213
	2,209

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined; for the fiscal year ended September 30, 2022, the City and its component units made contributions of $15,799,958 or 15.00% of covered payroll.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.55%
Core fixed income	6%	2.00%
Non-core fixed income	20%	5.68%
Other public and private markets	12%	7.22%
Real estate	12%	6.85%
Hedge funds	5%	5.35%
Private equity	10%	10.00%
	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employee contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of October 1, 2021	$ 364,416,959	$ 324,519,680	$ 39,897,279
Changes for the year:			
Service cost	17,714,277	-	17,714,277
Interest on total pension liability	24,867,759	-	24,867,759
Effect of difference in expected and actual experience	3,790,250	-	3,790,250
Change in assumptions	-	-	-
Benefit payments	(9,725,714)	(9,725,714)	-
Administrative expenses	-	(195,747)	195,747
Member contributions	-	6,714,214	(6,714,214)
Net investment income	-	42,386,014	(42,386,014)
Employer contributions	-	14,320,460	(14,320,460)
Other	-	1,343	(1,343)
Balances as of September 30, 2022	$ 401,063,531	$ 378,020,250	$ 23,043,281
City	$ 394,806,940	$ 372,123,134	$ 22,684,238
Component Units	$ 6,256,591	$ 5,897,116	$ 359,043

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City and its component units, calculated using the discount rate of 6.75%, as well as what the City and its component unit's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 86,149,169	$ 22,684,238	$ (28,816,967)
Component unit's net pension liability:			
MEDC	828,275	218,096	(277,059)
MCDC	212,348	55,914	(71,031)
MCVB	322,935	85,033	(108,022)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City and its component units recognized pension expense of $8,944,504 and $141,572, respectively.

At September 30, 2022, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,318,472	$ (270,391)	$ 60,748	$ (2,600)
Changes in assumptions	593,788	-	5,709	-
Differences between projected and actual investment earnings	-	(21,332,904)	-	(205,104)
Contributions subsequent to the measurement date	11,563,242	-	111,174	-
Total	$ 18,475,502	$ (21,603,295)	$ 177,631	$ (207,704)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,574	$ (666)	$ 23,685	$ (1,014)
Changes in assumptions	1,464	-	2,226	-
Differences between projected and actual investment earnings	-	(52,583)	-	(79,968)
Contributions subsequent to the measurement date	28,502	-	43,346	-
Total	$ 45,540	$ (53,249)	$ 69,257	$ (80,982)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $11,563,242 and $183,022 will be recognized as a reduction of the net pension liability of the City and its component units, respectively, for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2023	$ (2,371,366)	$ (22,806)	$ (5,846)	$ (8,893)
2024	(7,196,357)	(69,189)	(17,738)	(26,976)
2025	(3,103,427)	(29,838)	(7,650)	(11,633)
2026	(2,780,945)	(26,737)	(6,855)	(10,425)
2027	718,045	6,904	1,770	2,692
Thereafter	43,015	419	108	164
Total	$ (14,691,035)	$ (141,247)	$ (36,211)	$ (55,071)

Note 6. Postemployment Benefits Other Than Pensions

Retiree Health Care Plan

Plan Description
The City provides postemployment medical and dental benefits (OPEB) for eligible retirees, their spouses and dependents through a single-employer defined benefit plan, which covers both active and retired members.

All medical care benefits are provided through the City's self-insured health plan. The two optional benefit levels, CityCare PPO and CityCare Plus PPO, are the same for retirees as those afforded to active employees.

Benefits Provided
To be eligible for coverage a retiree must qualify under all three of the following:

1. Has been covered as an employee for medical benefits under the City of McKinney Employee Healthcare Plan immediately prior to retirement; and
2. Applies for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than the effective date of retirement; and
3. Enrolls for Retiree health coverage no later than the effective date of retirement.

Retirees who elect COBRA cannot later elect retiree coverage. Retirees are not allowed to add additional dependents upon retirement. Retirees or dependents who are Medicare eligible may not remain on the Plan; however, retirees may elect to purchase a Medicare supplement offered by the City.

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	23
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	1,144
Total	1,167

Accounting Policy
An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policies
The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees. OPEB expense as actuarially determined for the City and its component units was $1,827,662 and $28,928 respectively.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

CITYCARE PPO		CITYCARE PLUS PPO	
Single Coverage	$ 779	Single Coverage	$ 860
Single + Spouse	1,618	Single + Spouse	1,903
Single + Children	1,430	Single + Children	1,669
Single + Family	2,129	Single + Family	2,486

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2021, actuarial valuation are as follows:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumption	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation Rates	0% for employees retiring before the age of 50; 15% for employees retiring between the ages of 50 and 55; 50% for employees retiring at the age of 55 or older, or through disability retirement at any age
Other Information	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City of McKinney.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Total OPEB Liability

The total OPEB liability of $20,751,341 (City) and $328,450 (Component Units) was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2022:

Balance as of October 1, 2021	$	22,102,610
Changes for the year:		
Service cost		1,580,655
Interest on total OPEB liability		456,490
Difference between expected and actual experience of the total OPEB liability		(160,003)
Change of assumptions		(2,763,042)
Benefit payments		(136,919)
Balance as of September 30, 2022	$	21,079,791
City	$	20,751,341
Component Units	$	328,450

Although not considered contributions under GASB 75, the City has assigned $10,638,747 of fund balance in the General Fund for funding of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2022, the City and its component units recognized OPEB expense of $1,856,590. At September 30, 2022, the City and its component units reported deferred outflows of resources related to OPEBs from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 184,660	$ (3,021,627)	$ 1,775	$ (29,051)
Changes in assumptions	3,092,737	(2,459,604)	29,735	(23,648)
Contributions subsequent to the measurement date	59,191	-	569	-
Total	$ 3,336,588	$ (5,481,231)	$ 32,079	$ (52,699)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 456	$ (7,448)	$ 692	$ (11,327)
Changes in assumptions	7,623	(6,063)	11,593	(9,220)
Contributions subsequent to the measurement date	146	-	222	-
Total	$ 8,225	$ (13,511)	$ 12,507	$ (20,547)

Deferred outflows of resources related to OPEBs resulting from benefit payments subsequent to the measurement date of $59,191 and $937 will be recognized as a reduction of the total OPEB liability of the City and its component units, respectively, for the year ending September 30, 2023.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2023	$ (177,745)	$ (1,706)	$ (438)	$ (670)
2024	(177,742)	(1,709)	(438)	(666)
2025	(177,742)	(1,709)	(438)	(666)
2026	(177,742)	(1,709)	(438)	(666)
2027	(177,742)	(1,709)	(438)	(666)
Thereafter	(1,315,121)	(12,647)	(3,242)	(4,928)
Total	$ (2,203,834)	$ (21,189)	$ (5,432)	$ (8,262)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and its component units, calculated using the discount rate of 1.84%, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

	1% Decrease in Discount Rate (0.84%)	Current Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's total OPEB liability	$ 22,837,063	$ 20,751,341	$ 18,845,343
Component unit's total OPEB liability:			
MEDC	219,565	199,512	181,187
MCDC	56,291	51,150	46,452
MCVB	85,606	77,788	70,643

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City and its component units, as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
City's total OPEB liability	$ 17,866,751	$ 20,751,341	$ 24,240,928
Component unit's total OPEB liability:			
MEDC	171,779	199,512	233,063
MCDC	44,040	51,150	59,751
MCVB	66,975	77,788	90,869

Supplemental Death Benefit Plan

Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	279
Terminated employees eligible for benefits, but not yet enrolled	147
Active employees	1,213
Total	1,639

Accounting Policy
An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2021, actuarial valuation are as follows:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	1.84% as of December 31, 2021 Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Total OPEB Liability
The City's total OPEB liability of $3,131,627 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City at September 30, 2022:

Balance as of October 1, 2021	$ 2,813,834
Changes for the year:	
Service cost	230,056
Interest on total OPEB liability	58,290
Difference between expected and actual experience of the total OPEB liability	(51,571)
Change of assumptions	109,775
Benefit payments	(28,757)
Balance as of September 30, 2022	$ 3,131,627

OPEB Expense and Deferred and Outflows and Inflows of Resources Related to OPEB
For the year ended September 30, 2022, the City recognized OPEB expense of $376,203.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 157,694	$ (359,365)
Changes in assumptions	738,312	(76,507)
Contributions subsequent to the measurement date	86,025	-
Total	$ 982,031	$ (435,872)

Benefit payments subsequent to the measurement date and before fiscal year-end of $86,025 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2023.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	
2023	$ 87,857
2024	87,857
2025	87,857
2026	74,492
2027	55,555
Thereafter	66,516
Total	$ 460,134

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

	1% Decrease in Discount Rate (0.84%)	Current Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB liability	$ 3,942,676	$ 3,131,627	$ 2,518,579

Note 7. Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexPool, LOGIC, TexasDAILY and Texas CLASS. Investments in the pools are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pools. The fair value of the position of the pools for LOGIC, TexasDAILY and Texas CLASS are measured at net asset value and is designed to approximate the share value. The fair value of the position of in TexPool is measured at amortized cost as the pool meets requirements of GASB No. 79. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds and does not have any limitations or restrictions on withdrawals.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PRIMARY GOVERNMENT				
Investments by Fair Value Level				
Federal agency securities	$ 199,325,660	$ -	$ 199,325,660	$ -
Total Investments by Fair Value Level	$ 199,325,660	$ -	$ 199,325,660	$ -
Investments Measured at Net Asset Value				
LOGIC	109,062,862			
TexasDAILY	162,915,141			
TexasCLASS	143,649,113			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	121,983,909			
Total Investments	$ 736,936,685			
MEDC				
Investments Measured at Net Asset Value				
LOGIC	$ 4,030,937			
TexasDAILY	1,005,879			
TexasCLASS	2,934,324			
Investments Measured at Amortized Cost				
TexPool Prime	11,037,967			
Total Investments	$ 19,009,107			
MCDC				
Investments by Fair Value Level				
Federal agency securities	$ 32,938,460	$ -	$ 32,938,460	$ -
Total Investments by Fair Value Level	$ 32,938,460	$ -	$ 32,938,460	$ -
Investments Measured at Net Asset Value				
LOGIC	$ 12,089,448			
TexasDAILY	1,257,354			
TexasCLASS	11,492,511			
Investments Measured at Amortized Cost				
TexPool Prime	5,738,694			
Total Investments	$ 63,516,467			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included in the fair value measurement table approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2022, no investments held by the City met the Level 3 hierarchy classification.

Note 8. Water Purchase, Wastewater and Solid Waste Disposal Contracts

The City has a contract with the North Texas Municipal Water District (NTMWD) to purchase substantially all of its water. Under the contract, the City pays NTMWD a rate based on water usage. The rates charged are subject to minimum annual contract payments. Contract payments for water for the year ended September 30, 2022, were $35,550,512.

The City has a contract with NTMWD whereby NTMWD agreed to provide a wastewater treatment and disposal system for the benefit of the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2022, was $24,761,198.

The City has a contract with NTMWD whereby NTMWD agreed to dispose of solid waste for the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2022, was $5,629,734.

Note 9. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 10. Contingent Liabilities

The City participates in a number of Federal and State funded grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NTMWD has issued revenue bonds for systems that service participating cities. Member cities including McKinney have guaranteed to pay their share of debt service, and certain related administrative costs. NTMWD allocates these costs annually based on each city's pro-rata usage of the respective systems.

Outstanding principal balances as of September 30, 2022, are as follows:

	NTMWD Debt Service*	McKinney's Allocated Share
Water System	$ 2,909,030,000	$ 395,000,255
Wastewater System	852,425,000	153,661,268
Solid Waste System	49,905,000	11,495,323
Total	$ 3,811,360,000	$ 560,156,846

*Only represents NTMWD debt service related to systems servicing McKinney. It may not reflect NTMWD's total debt service.

Note 11. Insurance and Risk Management

The City's Insurance and Risk Management Internal Service Fund accounts for health care claims, workers' compensation claims, property, and general liability claims.

The City provides health care benefits to City employees under a partially self-insured plan (Plan). Under the Plan, the City and the employees pay a predetermined monthly premium, which is based on the projected claims cost for the Plan and the extent of medical coverage selected by the employee. The monthly premiums are deposited into the Insurance and Risk Fund and are used to pay claims as they are submitted. The City's liability is limited by an excess (stop loss) insurance policy covering individual claims in excess of $200,000. The City utilizes Cigna as a third party administrator to adjudicate and pay medical claims on behalf of the City. Throughout the policy year, the "stop loss" insurance carrier reimburses the City for claims paid during the policy year which exceeded the "stop loss" deductible amount.

For the year ended September 30, 2022, the City and the City's employees' contributions paid under the Plan were $19,277,960 and $3,075,588 respectively.

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement and errors/omissions), and property insurance. The Insurance and Risk Management internal service fund allocates costs to each department in order to pay deductibles and workers' compensation premium costs (TMLIRP contributions). This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience.

The City has a workers' compensation deductible of $25,000 per accident, with an annual aggregate retention of $434,000. During 2022, the City contributed $1,588,729 for workers' compensation coverage.

The City maintains deductibles of $100,000 per occurrence for Error and Omissions, $50,000 per occurrence for Auto Liability, $50,000 per occurrence for Law Enforcement Liability and up to $25,000 per occurrence for all other liability coverages. All insured claims are paid by TMLIRP, with the City reimbursing TMLIRP for the deductible. The City also carries a liability policy for the Airport through Chubb Limited with a $10,000 deductible. During 2022, the City contributed $1,930,690 for property, general liability and all other coverage premiums.

The liabilities for insurance claims reported are based on GASB No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, amended by GASB No. 66, Technical Corrections, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims and are included in accounts payable.

The changes in the Insurance and Risk Management liability amount in fiscal 2022 and 2021 were:

	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments and Changes in Estimates	Liability End of Year
2022:				
Health Claims	$ 873,764	$ 17,811,815	$ (17,905,142)	$ 780,437
Workers' Comp	292,997	1,008,080	(1,253,922)	47,155
Totals	$ 1,166,761	$ 18,819,895	$ (19,159,064)	$ 827,592
2021:				
Health Claims	$ 761,504	$ 16,890,513	$ (16,778,253)	$ 873,764
Workers' Comp	415,869	810,638	(933,510)	292,997
Totals	$ 1,177,373	$ 17,701,151	$ (17,711,763)	$ 1,166,761

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Note 12. Tax Abatements and Grants

The City offers property and sales tax abatement/grant agreements with local businesses under Chapter 312 and Chapter 380 of the Texas Local Government Code. Under these Codes, the City may award tax abatements/grants of up to 100 percent of a business's property and sales taxes for the purpose of attracting or retaining businesses within their jurisdiction. The abatements/grants may be awarded to any business located within or promising to relocate to the City of McKinney.

For the fiscal year ended September 30, 2022, the City paid $3,177,380 in economic development grants under Chapter 380. This amount is reported in aggregate due to sales tax confidentiality requirements under Texas Tax Code. No tax abatements were made under Chapter 312.

Note 13. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2022, and through February 15, 2023, the date the financial statements were issued.

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Required Supplementary Information

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Eight Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total Pension Liability				
Service cost	$ 9,534,719	$ 11,440,134	$ 11,777,430	$ 13,043,869
Interest	13,426,027	14,599,379	15,547,224	17,075,327
Difference between expected and actual experience	(1,820,025)	1,730,171	1,237,911	1,529,198
Change in assumptions	-	(4,050)	-	-
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Net Change in Total Pension Liability	16,527,934	21,715,972	22,277,033	24,819,488
Total Pension Liability - Beginning	189,339,391	205,867,325	227,583,297	249,860,330
Total Pension Liability - Ending (a)	205,867,325	227,583,297	249,860,330	274,679,818
Plan Fiduciary Net Position				
Contributions - employer	8,510,170	9,752,849	9,615,410	10,718,106
Contributions - employee	3,855,271	4,348,528	4,433,984	4,903,710
Net investment income (loss)	9,074,467	258,721	12,404,196	28,219,049
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Administrative expense	(94,724)	(157,574)	(140,032)	(146,159)
Other	(7,788)	(7,782)	(7,545)	(7,407)
Net Change in Plan Fiduciary Net Position	16,724,609	8,145,080	20,020,481	36,858,393
Plan Fiduciary Net Position - Beginning	158,597,927	175,322,536	183,467,616	203,488,097
Plan Fiduciary Net Position - Ending (b)	175,322,536	183,467,616	203,488,097	240,346,490
City's Net Pension Liability - Ending (a) - (b)	$ 30,544,789	$ 44,115,681	$ 46,372,233	$ 34,333,328
Plan fiduciary net position as a percentage of total pension liability	85.16%	80.62%	81.44%	87.50%
Covered payroll	$ 54,810,138	$ 61,939,002	$ 63,285,492	$ 70,053,001
City's net pension liability as a percentage of covered payroll	55.73%	71.22%	73.27%	49.01%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
$ 14,350,469	$ 15,704,599	$ 16,656,052	$ 17,714,277
18,774,911	20,486,802	22,594,939	24,867,759
(714,145)	1,546,692	2,843,789	3,790,250
-	1,126,181	-	-
(7,416,454)	(8,037,441)	(8,179,253)	(9,725,714)
24,994,781	30,826,833	33,915,527	36,646,572
274,679,818	299,674,599	330,501,432	364,416,959
299,674,599	330,501,432	364,416,959	401,063,531
11,908,337	12,785,966	13,429,396	14,320,460
5,426,974	5,939,071	6,309,111	6,714,214
(7,206,568)	37,605,557	22,121,978	42,386,014
(7,416,454)	(8,037,441)	(8,179,253)	(9,725,714)
(139,143)	(212,196)	(142,924)	(195,747)
(7,270)	(6,374)	(5,577)	1,343
2,565,876	48,074,583	33,532,731	53,500,570
240,346,490	242,912,366	290,986,949	324,519,680
242,912,366	290,986,949	324,519,680	378,020,250
$ 56,762,233	$ 39,514,483	$ 39,897,279	$ 23,043,281
81.06%	88.04%	89.05%	94.25%
$ 77,528,194	$ 84,843,863	$ 90,130,150	$ 95,856,479
73.21%	46.57%	44.27%	24.04%

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Contributions
Last Eight Fiscal Years
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	$ 9,195,319	$ 9,521,438	$ 10,387,413	$ 11,618,161
Contribution in relation of the actuarially determined contribution	9,195,319	9,521,438	10,387,413	11,618,161
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,299,396	$ 62,005,210	$ 68,046,988	$ 75,718,876
Contributions as a percentage of covered payroll	15.77%	15.36%	15.27%	15.34%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
$ 12,527,597	$ 13,332,675	$ 14,075,241	$ 15,799,958
12,527,597	13,332,675	14,075,241	15,799,958
$ -	$ -	$ -	$ -
$ 82,701,398	$ 89,202,852	$ 94,326,249	$ 105,355,485
15.15%	14.95%	14.92%	15.00%

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health Care Plan
Last Five Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 918,051	$ 1,249,905	$ 1,207,676	$ 1,578,300
Interest	564,874	561,769	704,301	621,546
Difference between expected and actual experience	3,299	300,000	(162,427)	(3,473,801)
Change in assumptions	797,890	156,041	1,823,548	1,627,140
Benefit payments, including refunds of employee contributions	(294,321)	(314,218)	(155,032)	(126,165)
Net Change in Total OPEB Liability	1,989,793	1,953,497	3,418,066	227,020
Total OPEB Liability - Beginning	14,514,234	16,504,027	18,457,524	21,875,590
Total OPEB Liability - Ending (a)	$ 16,504,027	$ 18,457,524	$ 21,875,590	$ 22,102,610
Covered payroll	$ 70,052,975	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered payroll	23.56%	23.81%	25.78%	24.52%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

	Measurement Year 2021
$	1,580,655
	456,490
	(160,003)
	(2,763,042)
	(136,919)
	(1,022,819)
	22,102,610
$	21,079,791
$	95,856,479
	21.99%

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Supplemental Death Benefit Fund
Last Five Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 112,085	$ 139,551	$ 127,264	$ 171,248
Interest	54,057	58,290	77,959	63,577
Difference between expected and actual experience	-	304,379	(414,160)	(64,601)
Change in assumptions	158,454	(147,679)	406,260	421,861
Benefit payments, including refunds of employee contributions	(7,005)	(7,751)	(8,484)	(9,014)
Net Change in Total OPEB Liability	317,591	346,790	188,839	583,071
Total OPEB Liability - Beginning	1,377,543	1,695,134	2,041,924	2,230,763
Total OPEB Liability - Ending (a)	$ 1,695,134	$ 2,041,924	$ 2,230,763	$ 2,813,834
Covered payroll	$ 70,053,001	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered payroll	2.42%	2.63%	2.63%	3.12%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

	Measurement Year 2021
$	230,056
	58,290
	(51,571)
	109,775
	(28,757)
	317,793
	2,813,834
$	3,131,627
$	95,856,479
	3.27%

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Combining and Individual Fund Financial Statements and Schedules

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Property taxes	$ 40,717,168	$ 40,977,168	$ 41,310,863	$ 333,695
Investment income	42,000	376,400	212,817	163,583
Total revenues	40,759,168	41,353,568	41,523,680	497,278
EXPENDITURES				
Principal retirement	28,930,000	28,970,000	28,970,000	-
Interest and fiscal charges	11,704,157	11,847,920	11,680,441	167,479
Total expenditures	40,634,157	40,817,920	40,650,441	167,479
Excess (deficiency) of revenues over (under) expenditures	125,011	535,648	873,239	664,757
Net changes in fund balances	125,011	535,648	873,239	337,591
Fund balances, beginning of year	6,035,844	6,035,844	6,035,844	-
FUND BALANCES, END OF YEAR	$ 6,160,855	$ 6,571,492	$ 6,909,083	$ 337,591

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Capital Projects Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	$ 2,020,000	$ 6,031,181	$ 9,339,405	$ 3,308,224
Charges for services	1,065,554	1,275,898	1,275,898	-
Investment income	398,200	(408,000)	(781,990)	(373,990)
Contributions	13,627,381	40,408,464	25,445,495	(14,962,969)
Miscellaneous	-	1,097,000	249,691	(847,309)
Total revenues	17,111,135	48,404,543	35,528,499	(12,876,044)
EXPENDITURES				
General government	8,127,363	122,375,957	27,607,227	94,768,730
Fire	32,700,000	13,484,618	4,150,810	9,333,808
Libraries	-	-	108,382	(108,382)
Parks and recreation	8,260,000	64,853,619	15,331,299	49,522,320
Public works	51,426,880	126,763,237	35,798,243	90,964,994
Interest and fiscal charges	494,773	610,238	518,946	91,292
Total expenditures	101,009,016	328,087,669	83,514,907	244,572,762
Excess/(deficiency) of revenues over (under) expenditures	(83,897,881)	(279,683,126)	(47,986,408)	231,696,718
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	65,100,000	66,160,000	63,415,000	(2,745,000)
Premium on issuance of debt	-	-	3,263,946	3,263,946
Transfers in	9,500,000	47,733,616	15,733,616	(32,000,000)
Total other financing sources (uses)	74,600,000	113,893,616	82,412,562	(31,481,054)
Net changes in fund balances	(9,297,881)	(165,789,510)	34,426,154	200,215,664
Fund balances, beginning of year	209,736,375	209,736,375	209,736,375	-
FUND BALANCES, END OF YEAR	$ 200,438,494	$ 43,946,865	$ 244,162,529	$ 200,215,664

McKINNEY
TEXAS
Unique by nature.

Nonmajor Governmental Funds

Special Revenue Funds

Hotel/Motel Fund - to account for a 7% hotel/motel tax imposed on lodging fees for the purpose of funding activities and programs that are allowed by the hotel/motel tax to promote tourism.

Law Enforcement Fund - to account for donations and funds derived from police investigation of criminal activities.

Donations Fund - to account for funds provided by private donors and other governmental agencies for the specific purpose(s) designated by the donor.

Community Housing Fund - to account for grants and funding received for affordable housing programs.

Urban Transit District Fund - to account for joint use transit operations of four member cities including joint cost arrangement and administration and use of grant funding.

Grants Fund - to account for local, state, federal, and private grants received for governmental operations and projects.

Tax Increment Reinvestment Zone 1 (TIRZ 1) - to account for property and sales taxes collected in the TIRZ 1 zone for the purpose of funding infrastructure and projects in the Historic Town Center.

Tax Increment Reinvestment Zone 2 (TIRZ 2) - to account for property and sales taxes collected in the TIRZ 2 zone for the purpose of funding infrastructure in and around the Airport.

PEG Cable Channel Fund - to account for fees received from cable operators within the City for the purpose of funding expenditures relating to the PEG (Public, Educational, and Governmental) Cable Channel.

City of McKinney, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue Funds			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
ASSETS				
Cash and cash equivalents	$ 5,375,264	$ 654,011	$ 47,865	$ 10,175
Receivables:				
Accounts	1,386	-	-	-
Other taxes	217,196	-	-	-
Due from other governments	-	-	-	744,435
Prepaid items	-	-	-	8,647
TOTAL ASSETS	$ 5,593,846	$ 654,011	$ 47,865	$ 763,257
LIABILITIES				
Accounts payable	$ 7,027	$ 2,313	$ -	$ 20,183
Other accrued liabilities	-	104,266	-	4,609
Due to other funds	-	-	-	694,616
Unearned revenue	-	-	-	-
Total liabilities	7,027	106,579	-	719,408
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	-	8,647
Restricted				
Capital projects	-	-	-	-
Law enforcement	-	547,432	-	-
Fire	-	-	47,865	-
PEG	-	-	-	-
Community housing	-	-	-	35,202
Hotel/Motel	5,586,819	-	-	-
Transit	-	-	-	-
Grants	-	-	-	-
Total fund balances	5,586,819	547,432	47,865	43,849
TOTAL LIABILITIES AND FUND BALANCES	$ 5,593,846	$ 654,011	$ 47,865	$ 763,257

Special Revenue Funds					
Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ 17,987	$ 62,498	$ 27,055,140	$ 4,936,706	$ 1,604,163	$ 39,763,809
-	502,361	5,233	2,534	-	511,514
-	-	-	-	65,692	282,888
616,210	43,177	-	-	-	1,403,822
-	7,326	-	-	-	15,973
$ 634,197	$ 615,362	$ 27,060,373	$ 4,939,240	$ 1,669,855	$ 41,978,006
$ 327,792	57,178	$ 50,000	$ -	$ -	$ 464,493
1,696	-	-	-	-	110,571
-	13,984	-	-	-	708,600
-	523,101	-	-	-	523,101
329,488	594,263	50,000	-	-	1,806,765
-	7,326	-	-	-	15,973
-	-	27,010,373	4,939,240	-	31,949,613
-	-	-	-	-	547,432
-	-	-	-	-	47,865
-	-	-	-	1,669,855	1,669,855
-	-	-	-	-	35,202
-	-	-	-	-	5,586,819
304,709	-	-	-	-	304,709
-	13,773	-	-	-	13,773
304,709	21,099	27,010,373	4,939,240	1,669,855	40,171,241
$ 634,197	$ 615,362	$ 27,060,373	$ 4,939,240	$ 1,669,855	$ 41,978,006

City of McKinney, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Special Revenue			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales and use taxes	2,460,482	-	-	-
Other taxes and fees	-	-	-	-
Intergovernmental	-	-	-	1,900,841
Fines and forfeitures	-	122,635	-	-
Investment income (loss)	32,033	613	227	145
Contributions	-	39,050	4,410	-
Miscellaneous	5,510	-	-	35,129
Total revenues	2,498,025	162,298	4,637	1,936,115
EXPENDITURES				
Current:				
General government	1,230,904	-	-	24,513
Police	-	132,891	-	-
Fire	-	-	-	-
Libraries	-	-	5,500	-
Development	-	-	-	1,896,634
Debt Service:				
Interest and fiscal charges	-	-	-	-
Capital Expenditures:				
Police	-	26,813	-	-
Total expenditures	1,230,904	159,704	5,500	1,921,147
Excess (deficiency) of revenues over (under) expenditures	1,267,121	2,594	(863)	14,968
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	-	-
Premium on issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(679,180)	-	(33,616)	-
Total other financing sources (uses)	(679,180)	-	(33,616)	-
Net change in fund balances	587,941	2,594	(34,479)	14,968
Fund balances, beginning of year	4,998,878	544,838	82,344	28,881
FUND BALANCES, END OF YEAR	$ 5,586,819	$ 547,432	$ 47,865	$ 43,849

Special Revenue						
Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ -	$ -	$ 2,150,277	$ 907,999	$ -	$ 3,058,276
-	-	2,509,375	1,143,334	-	6,113,191
-	-	-	-	277,450	277,450
1,531,349	5,150,354	-	-	-	8,582,544
-	-	-	-	-	122,635
366	(170)	94,049	25,961	15,961	169,185
-	-	-	-	-	43,460
-	-	-	-	-	40,639
1,531,715	5,150,184	4,753,701	2,077,294	293,411	18,407,380
1,535,417	4,724,505	72,045	-	5,509	7,592,893
-	142,168	-	-	-	275,059
-	70,809	-	-	-	70,809
-	-	-	-	-	5,500
-	136,191	-	-	-	2,032,825
-	-	216,049	-	-	216,049
-	80,001	-	-	-	106,814
1,535,417	5,153,674	288,094	-	5,509	10,299,949
(3,702)	(3,490)	4,465,607	2,077,294	287,902	8,107,431
-	-	16,145,000	-	-	16,145,000
-	-	570,668	-	-	570,668
20,000	-	-	-	-	20,000
-	-	(40,630)	(2,037,710)	(1,000,000)	(3,791,136)
20,000	-	16,675,038	(2,037,710)	(1,000,000)	12,944,532
16,298	(3,490)	21,140,645	39,584	(712,098)	21,051,963
288,411	24,589	5,869,728	4,899,656	2,381,953	19,119,278
$ 304,709	$ 21,099	$ 27,010,373	$ 4,939,240	$ 1,669,855	$ 40,171,241

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Hotel/Motel Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales and use taxes	$ 1,600,000	$ 2,100,000	$ 2,460,482	$ 360,482
Investment income (loss)	5,500	19,400	32,033	12,633
Miscellaneous	2,000	2,000	5,510	3,510
Total revenues	1,607,500	2,121,400	2,498,025	376,625
EXPENDITURES				
General government	1,286,000	1,286,000	1,230,904	55,096
Total expenditures	1,286,000	1,286,000	1,230,904	55,096
Excess (deficiency) of revenues over (under) expenditures	321,500	835,400	1,267,121	431,721
OTHER FINANCING SOURCES (USES)				
Transfers out	(294,780)	(792,780)	(679,180)	113,600
Total other financing sources (uses)	(294,780)	(792,780)	(679,180)	113,600
Net change in fund balance	26,720	42,620	587,941	545,321
Fund balance, beginning of year	4,998,878	4,998,878	4,998,878	-
FUND BALANCE, END OF YEAR	$ 5,025,598	$ 5,041,498	$ 5,586,819	$ 545,321

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Law Enforcement Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	$ 149,950	$ 149,950	$ 122,635	$ (27,315)
Investment income (loss)	200	200	613	413
Contributions	49,800	49,800	39,050	(10,750)
Total revenues	199,950	199,950	162,298	(37,652)
EXPENDITURES				
Current Expenditures:				
Police	305,000	355,325	159,704	195,621
Total expenditures	305,000	355,325	159,704	195,621
Excess (deficiency) of revenues over (under) expenditures	(105,050)	(155,375)	2,594	157,969
Net change in fund balance	(105,050)	(155,375)	2,594	157,969
Fund balance, beginning of year	544,838	544,838	544,838	-
FUND BALANCE, END OF YEAR	$ 439,788	$ 389,463	$ 547,432	$ 157,969

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income (loss)	$ 100	$ 100	$ 227	$ 127
Contributions	7,500	7,500	4,410	(3,090)
Total revenues	7,600	7,600	4,637	(2,963)
EXPENDITURES				
Fire	7,650	7,650	-	7,650
Libraries	12,613	5,500	5,500	-
Total expenditures	20,263	13,150	5,500	7,650
Excess (deficiency) of revenues over (under) expenditures	(12,663)	(5,550)	(863)	4,687
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(33,616)	(33,616)	-
Total other financing sources (uses)	-	(33,616)	(33,616)	-
Net change in fund balance	(12,663)	(39,166)	(34,479)	4,687
Fund balance, beginning of year	82,344	82,344	82,344	-
FUND BALANCE, END OF YEAR	$ 69,681	$ 43,178	$ 47,865	$ 4,687

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Community Housing Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 2,845,713	$ 3,727,493	$ 1,900,841	$ (1,826,652)
Investment income (loss)	-	-	145	145
Miscellaneous	15,000	15,000	35,129	20,129
Total revenues	2,860,713	3,742,493	1,936,115	(1,806,378)
EXPENDITURES				
Current Expenditures:				
General government	-	-	24,513	(24,513)
Development	2,850,713	3,732,993	1,896,634	1,836,359
Total expenditures	2,850,713	3,732,993	1,921,147	1,811,846
Excess (deficiency) of revenues over (under) expenditures	10,000	9,500	14,968	5,468
Net change in fund balance	10,000	9,500	14,968	5,468
Fund balance, beginning of year	28,881	28,881	28,881	-
FUND BALANCE, END OF YEAR	$ 38,881	$ 38,381	$ 43,849	$ 5,468

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Urban Transit District Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 1,288,193	$ 1,288,193	$ 1,531,349	$ 243,156
Investment income (loss)	400	550	366	(184)
Total revenues	1,288,593	1,288,743	1,531,715	242,972
EXPENDITURES				
Current Expenditures:				
General government	1,288,593	1,318,684	1,535,417	(216,733)
Total expenditures	1,288,593	1,318,684	1,535,417	(216,733)
Excess (deficiency) of revenues over (under) expenditures	-	(29,941)	(3,702)	26,239
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,000	20,000	-
Total other financing sources (uses)	-	20,000	20,000	-
Net change in fund balance	-	(9,941)	16,298	26,239
Fund balance, beginning of year	288,411	288,411	288,411	-
FUND BALANCE, END OF YEAR	$ 288,411	$ 278,470	$ 304,709	$ 26,239

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Grants Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 962,430	$ 6,291,441	$ 5,150,354	$ (1,141,087)
Investment income (loss)	-	850	(170)	(1,020)
Contributions	500	500	-	(500)
Total revenues	962,930	6,292,791	5,150,184	(1,142,607)
EXPENDITURES				
Current Expenditures:				
General government	962,930	6,291,941	4,724,505	1,567,436
Police	-	-	142,168	(142,168)
Fire	-	-	70,809	(70,809)
Development	-	-	136,191	(136,191)
Capital Expenditures:				
Police	-	-	80,001	(80,001)
Total expenditures	962,930	6,291,941	5,153,674	1,138,267
Excess (deficiency) of revenues over (under) expenditures	-	850	(3,490)	(4,340)
Net change in fund balance	-	850	(3,490)	(4,340)
Fund balance, beginning of year	24,589	24,589	24,589	-
FUND BALANCE, END OF YEAR	$ 24,589	$ 25,439	$ 21,099	$ (4,340)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 1 Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 2,158,579	$ 2,158,579	$ 2,150,277	$ (8,302)
Sales and use taxes	1,366,700	1,927,471	2,509,375	581,904
Investment income (loss)	6,400	35,800	94,049	58,249
Total revenues	3,531,679	4,121,850	4,753,701	631,851
EXPENDITURES				
General government	300,000	837,188	72,045	765,143
Debt Service:				
Interest and fiscal charges	-	-	216,049	(216,049)
Total expenditures	300,000	837,188	288,094	549,094
Excess (deficiency) of revenues over (under) expenditures	3,231,679	3,284,662	4,465,607	1,180,945
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	16,145,000	16,145,000
Premium on issuance of debt	-	-	570,668	570,668
Transfers out	(40,630)	(40,630)	(40,630)	-
Total other financing sources (uses)	(40,630)	(40,630)	16,675,038	16,715,668
Net change in fund balance	3,191,049	3,244,032	21,140,645	17,896,613
Fund balance, beginning of year	5,869,728	5,869,728	5,869,728	-
FUND BALANCE, END OF YEAR	$ 9,060,777	$ 9,113,760	$ 27,010,373	$ 17,896,613

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 2 Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 910,678	$ 910,678	$ 907,999	$ (2,679)
Sales and use taxes	834,100	1,019,169	1,143,334	124,165
Investment income (loss)	3,000	18,600	25,961	7,361
Total revenues	1,747,778	1,948,447	2,077,294	128,847
Excess (deficiency) of revenues over (under) expenditures	1,747,778	1,948,447	2,077,294	128,847
OTHER FINANCING SOURCES (USES)				
Transfers out	(37,710)	(2,037,710)	(2,037,710)	-
Total other financing sources (uses)	(37,710)	(2,037,710)	(2,037,710)	-
Net change in fund balance	1,710,068	(89,263)	39,584	128,847
Fund balance, beginning of year	4,899,656	4,899,656	4,899,656	-
FUND BALANCE, END OF YEAR	$ 6,609,724	$ 4,810,393	$ 4,939,240	$ 128,847

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
PEG Cable Channel Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes and fees	$ 347,785	$ 285,823	$ 277,450	$ (8,373)
Investment income (loss)	2,400	10,600	15,961	5,361
Total revenues	350,185	296,423	293,411	(3,012)
EXPENDITURES				
Current expenditures:				
General government	587,500	587,500	5,509	581,991
Total expenditures	587,500	587,500	5,509	581,991
Excess (deficiency) of revenues over (under) expenditures	(237,315)	(291,077)	287,902	578,979
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	-	(1,000,000)	(1,000,000)	-
Net change in fund balance	(237,315)	(1,291,077)	(712,098)	578,979
Fund balance, beginning of year	2,381,953	2,381,953	2,381,953	-
FUND BALANCE, END OF YEAR	$ 2,144,638	$ 1,090,876	$ 1,669,855	$ 578,979

Nonmajor Enterprise Funds

Golf Course Fund - to account for revenue received and operating expenses incurred in the operation of Oak Hollow Municipal Golf Course.

Surface Water Drainage Utility Fund - to account for revenue paid by utility customers and allowable expenses under the Surface Drainage Utility System Ordinance.

Solid Waste Fund - to account for revenues and operating costs of providing solid waste and recycling services.

City of McKinney, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 503,364	$ 5,442,675	$ 357,582	$ 6,303,621
Investments	-	-	9,509,000	9,509,000
Restricted assets:				
Cash and cash equivalents	10,000	-	-	10,000
Accounts receivable (net of allowance for uncollectibles)	18,220	466,539	2,196,181	2,680,940
Accrued interest	-	-	55,729	55,729
Notes receivable- interfund	-	-	3,986,895	3,986,895
Prepaids	-	-	231,240	231,240
Total current assets	531,584	5,909,214	16,336,627	22,777,425
Non-current assets:				
Capital assets:				
Land	402,213	-	164,296	566,509
Buildings	1,488,882	-	164,402	1,653,284
Improvements other than buildings	2,548,170	-	364,127	2,912,297
Machinery and equipment	257,725	2,375,982	814,092	3,447,799
Less accumulated depreciation/amortization	(3,312,710)	(935,146)	(1,013,137)	(5,260,993)
Total capital assets (net of accumulated depreciation/amortization)	1,384,280	1,440,836	493,780	3,318,896
TOTAL ASSETS	1,915,864	7,350,050	16,830,407	26,096,321
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	-	261,187	181,816	443,003
Deferred OPEB outflows	-	47,170	32,834	80,004
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	308,357	214,650	523,007
LIABILITIES				
Current liabilities:				
Accounts payable	-	77,143	786,261	863,404
Other accrued liabilities	-	30,305	410,428	440,733
Due to other funds	-	-	32,996	32,996
Notes payable	55,085	-	-	55,085
Compensated absences	-	16,030	10,444	26,474
Total current liabilities	55,085	123,478	1,240,129	1,418,692
Payable from restricted assets:				
Deposits	10,000	-	-	10,000
Total current liabilities payable from restricted assets	10,000	-	-	10,000
Non-current liabilities:				
Compensated absences	-	192,968	125,719	318,687
Notes payable	414,323	-	-	414,323
Net pension liability	-	320,686	223,234	543,920
Total OPEB liability	-	293,361	204,213	497,574
Total non-current liabilities	414,323	807,015	553,166	1,774,504
TOTAL LIABILITIES	479,408	930,493	1,793,295	3,203,196
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	-	305,405	212,597	518,002
Deferred OPEB inflows	-	77,488	53,941	131,429
TOTAL DEFERRED INFLOWS OF RESOURCES	-	382,893	266,538	649,431
NET POSITION				
Net investment in capital assets	1,384,280	1,440,836	493,780	3,318,896
Unrestricted	52,176	4,904,185	14,491,444	19,447,805
TOTAL NET POSITION	$ 1,436,456	$ 6,345,021	$ 14,985,224	$ 22,766,701

City of McKinney, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 97,525	$ 4,383,775	$ 9,854,348	$ 14,335,648
Miscellaneous	89,643	-	19,512	109,155
Total operating revenues	187,168	4,383,775	9,873,860	14,444,803
OPERATING EXPENSES				
Personnel services	-	1,758,734	1,425,200	3,183,934
Materials and supplies	-	97,978	73,573	171,551
Maintenance	-	270,249	49,386	319,635
Contract payments	-	923,850	6,934,537	7,858,387
Utilities	958	2,446	-	3,404
Depreciation/amortization	56,266	264,883	64,178	385,327
Other	16,677	40,532	79,947	137,156
Total operating expenses	73,901	3,358,672	8,626,821	12,059,394
Operating income	113,267	1,025,103	1,247,039	2,385,409
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	2,301	48,175	(125,153)	(74,677)
Gain from disposal of assets	-	25,531	21,460	46,991
Total non-operating revenues	2,301	73,706	(103,693)	(27,686)
Income before contributions and transfers	115,568	1,098,809	1,143,346	2,357,723
Transfers in	-	-	51,103	51,103
Transfers out	(5,000)	(1,369,105)	(2,786,420)	(4,160,525)
Change in net position	110,568	(270,296)	(1,591,971)	(1,751,699)
Total net position - beginning	1,325,888	6,615,317	16,577,195	24,518,400
TOTAL NET POSITION - ENDING	$ 1,436,456	$ 6,345,021	$ 14,985,224	$ 22,766,701

City of McKinney, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 93,489	$ 4,370,502	$ 9,342,851	$ 13,806,842
Other operating revenues	89,643	-	19,512	109,155
Cash payments for employee services	-	(1,844,311)	(1,481,145)	(3,325,456)
Cash payments to suppliers for goods and services	(17,635)	(1,643,132)	(7,324,660)	(8,985,427)
Net cash provided by operating activities	165,497	883,059	556,558	1,605,114
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	495,156	495,156
Transfers in	-	-	51,103	51,103
Transfers out	(5,000)	(1,369,105)	(2,786,420)	(4,160,525)
Net cash used in non-capital financing activities	(5,000)	(1,369,105)	(2,240,161)	(3,614,266)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(261,266)	(37,288)	(298,554)
Proceeds from sale of assets	-	25,531	21,460	46,991
Principal payments on interfund loans	(54,138)	-	-	(54,138)
Net cash used in capital and related financing activities	(54,138)	(235,735)	(15,828)	(305,701)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	-	(6,473,960)	(6,473,960)
Investment earnings (loss)	2,301	48,175	(125,153)	(74,677)
Net cash provided (used in) by investing activities	2,301	48,175	(6,599,113)	(6,548,637)
Net increase (decrease) in cash	108,660	(673,606)	(8,298,544)	(8,863,490)
Cash and cash equivalents at beginning of year	404,704	6,116,281	8,656,126	15,177,111
Cash and cash equivalents at end of year	$ 513,364	$ 5,442,675	$ 357,582	$ 6,313,621
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET ASSETS				
Unrestricted cash and cash equivalents	$ 503,364	$ 5,442,675	$ 357,582	$ 6,303,621
Restricted cash and cash equivalents	10,000	-	-	10,000
	$ 513,364	$ 5,442,675	$ 357,582	$ 6,313,621
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 113,267	$ 1,025,103	$ 1,247,039	$ 2,385,409
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/amortization	56,266	264,883	64,178	385,327
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(4,036)	(13,273)	(458,518)	(475,827)
Accrued interest receivable	-	-	(52,979)	(52,979)
Prepaid expenses	-	-	(231,240)	(231,240)
Increase (decrease) in liabilities:				
Accounts payable	-	(255,967)	747,839	491,872
Accrued liabilities	-	(52,110)	(676,531)	(728,641)
Due to other funds	-	-	(27,285)	(27,285)
Liability for compensated absences	-	(15,090)	(6,882)	(21,972)
Net pension liability and OPEB obligation	-	(70,487)	(49,063)	(119,550)
Total adjustments	52,230	(142,044)	(690,481)	(780,295)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 165,497	$ 883,059	$ 556,558	$ 1,605,114
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Non cash contributions	$0	$0	$0	$0

Discretely Presented Component Units

McKinney Economic Development Corporation – purpose is to aid, promote and further the economic development within the City.

McKinney Community Development Corporation – purpose is to identify and fund public projects to maintain or enhance the quality of life in the city.

McKinney Convention & Visitors Bureau – to account for funds received from the City's local hotel/motel tax fund for the purpose of promoting tourism and making the City of McKinney a destination of choice.

McKinney Main Street – purpose is to maintain and enhance a vibrant downtown area through economic redevelopment, design, organization and promotion.

City of McKinney, Texas
Combining Balance Sheet
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2022

	McKinney Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 15,404,669
Restricted cash and cash equivalents	3,699,495
Accounts receivable	3,693,069
Prepaid items	6,819,798
Total assets	$ 29,617,031
LIABILITIES	
Accounts payable	$ 51,198
Other accrued liabilities	31,487
Total liabilities	82,685
FUND BALANCES	
Nonspendable	
Prepaid items	6,819,798
Unassigned	22,714,548
Total fund balance	29,534,346
TOTAL LIABILITIES AND FUND BALANCE	$ 29,617,031

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2022

Total fund balance - MEDC balance sheet	$	29,534,346
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		67,159,843
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(70,072)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of:		
Deferred pension outflows (GASB 68)		177,631
Deferred OPEB outflows (GASB 75)		32,079
Deferred charge on refunding		144,692
Deferred pension inflows (GASB 68)		(207,704)
Deferred OPEB inflows (GASB 75)		(52,699)
Net pension and total OPEB liabilities are not reported in the funds.		(417,608)
Bonds payable and notes payable are not reported in the funds.		(20,475,000)
Accrued interest is not reported in the funds.		(22,948)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	75,802,560

City of McKinney, Texas
Combining Statements of Revenues, Expenditures and Changes in Fund Balance
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2022

	McKinney Economic Development Corporation
REVENUES	
Sales and use taxes	$ 21,187,337
Investment income	146,581
Total revenues	21,333,918
EXPENDITURES	
Economic development	13,084,749
Interest and fiscal charges	293,188
Principal payments	2,175,000
Capital outlay	264,040
Total expenditures	15,816,977
Excess (deficiency) of revenues over (under) expenditures	5,516,941
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of property	916
Total other financing sources (uses):	916
Net change in fund balance	5,517,857
Fund balance, beginning of year	24,016,489
FUND BALANCE, END OF YEAR	$ 29,534,346

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2022

Net change in fund balance - MEDC governmental funds	$	5,517,857
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2022 capital outlays is to increase net position.		264,040
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(7,862)
Bond principal and note payable payments are not reported in the Statement of Activities.		2,175,000
The amortization of losses on refunding of debt are not recorded in the governmental funds, but are amortized on the statement of activities as interest expense. This resulted in the following difference:		
Amortization of refunding loss		(53,609)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		596
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		47,939
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund.		47,138
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	7,991,099

City of McKinney, Texas
Balance Sheet
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2022

	McKinney Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 30,633,635
Investments	32,938,460
Accounts receivable	3,693,069
Accrued Interest	67,326
Prepaid items	18,529
Total assets	67,351,019
LIABILITIES	
Accounts payable	238,057
Other accrued liabilities	11,115
Total liabilities	249,172
FUND BALANCES	
Nonspendable	
Prepaid items	18,529
Unrestricted	67,083,318
Total fund balance	67,101,847
TOTAL LIABILITIES AND FUND BALANCE	$ 67,351,019

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2022

Total fund balance - MCDC balance sheet	$	67,101,847
Amounts reported for governmental activities in the statement of net position are different because:		
Bonds payable are not reported in the funds.		(17,295,000)
Accrued interest is not reported in the funds.		(79,505)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(58,925)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		45,540
Deferred OPEB outflows (GASB 75)		8,225
Deferred pension inflows (GASB 68)		(53,249)
Deferred OPEB inflows (GASB 75)		(13,511)
Net pension and total OPEB liabilities are not reported in the funds.		(107,064)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		12,455,355
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	62,003,713

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2022

	McKinney Community Development Corporation
REVENUES	
Sales and use taxes	$ 21,187,337
Investment income	422,548
Contributions	1,000,000
Total revenues	22,609,885
EXPENDITURES	
Community development	9,943,647
Capital outlay	5,274,820
Debt service:	
Principal retirement	1,055,000
Interest and fiscal charges	663,684
Total expenditures	16,937,151
Excess (deficiency) of revenues over (under) expenditures	5,672,734
Fund balance, beginning of year	61,429,113
FUND BALANCE, END OF YEAR	$ 67,101,847

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2022

Net change in fund balance - MCDC governmental funds	$	5,672,734
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		1,055,000
Interest is accrued on outstanding debt in the government-wide statements, whereas in the fund financial statements, an interest expenditure is reported when due.		3,405
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(3,909)
Current year capital outlays are expenditures in the fund financial statements, but they are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2022 capital outlays is to increase net position.		5,274,820
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(10,338)
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		12,290
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	12,004,002

City of McKinney, Texas
Balance Sheet
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
September 30, 2022

	McKinney Convention & Visitors Bureau
ASSETS	
Cash and cash equivalents	$ 137,937
Prepaid items	3,800
Total assets	141,737
LIABILITIES	
Accounts payable	56,988
Other accrued liabilities	7,717
Total liabilities	64,705
FUND BALANCES	
Nonspendable	
Prepaid items	3,800
Unrestricted	73,232
Total fund balance	77,032
TOTAL LIABILITIES AND FUND BALANCE	$ 141,737

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2022

Total fund balance - MCVB balance sheet	$	77,032
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		69,257
Deferred OPEB outflows (GASB 75)		12,507
Deferred pension inflows (GASB 68)		(80,982)
Deferred OPEB inflows (GASB 75)		(20,547)
Net pension and total OPEB liabilities are not reported in the funds.		(162,821)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(32,641)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(138,195)

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2022

	McKinney Convention & Visitors Bureau
REVENUES	
Contributions	$ 895,000
Investment income	830
Miscellaneous	4,686
Total revenues	900,516
EXPENDITURES	
Community development	963,663
Total expenditures	963,663
Excess (deficiency) of revenues over (under) expenditures	(63,147)
Fund balance, beginning of year	140,179
FUND BALANCE, END OF YEAR	$ 77,032

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2022

Net change in fund balance - MCVB governmental funds	$	(63,147)
Amounts reported for governmental activities in the statement of activities are different because:		
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		18,689
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		26,703
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(17,755)

City of McKinney, Texas
Balance Sheet
McKinney Main Street
Discretely Presented Component Units
September 30, 2022

	McKinney Main Street Corporation
ASSETS	
Cash and cash equivalents	$ 438,396
Accounts receivable	39,043
Total assets	477,439
LIABILITIES	
Accounts payable	116,043
Other accrued liabilities	79
Unearned revenue	32,000
Total liabilities	148,122
FUND BALANCES	
Unrestricted	329,317
Total fund balance	329,317
TOTAL LIABILITIES AND FUND BALANCE	$ 477,439

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2022

Total fund balance - MMS balance sheet	$	329,317
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		133,936
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	463,253

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2022

	McKinney Main Street Corporation
REVENUES	
Contributions	$ 158,779
Events	1,094,772
Total revenues	1,253,551
EXPENDITURES	
Community development	1,190,600
Total expenditures	1,190,600
Excess (deficiency) of revenues over (under) expenditures	62,951
Fund balance, beginning of year	266,366
FUND BALANCE, END OF YEAR	$ 329,317

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2022

Net change in fund balance - MMS governmental funds	$	62,951
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.		(14,874)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	48,077

McKINNEY
TEXAS
Unique by nature.

Statistical Section

McKINNEY
TEXAS
Unique by nature.

This part of the City of McKinney's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents **Table #s**

Financial Trends **1-4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **5-8**

These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.

Debt Capacity **9-13**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information **14-15**

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **16-18**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of McKinney, Texas

Net Position by Component
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	$ 279,952,868	$ 252,289,367	$ 268,918,693	$ 320,331,134
Restricted for:				
Use of impact fees	6,700,810	5,692,253	-	-
Highways and streets	26,406,329	24,938,952	28,691,743	32,306,475
Debt service	1,285,455	1,400,079	4,107,035	3,894,517
Other capital projects	46,153,392	50,015,128	65,017,451	44,403,282
Public safety	803,777	896,023	601,868	614,384
Community development	513,456	779,686	1,312,903	4,110,258
Court	-	-	-	350,172
Library	242,609	248,630	224,501	203,093
PEG	-	-	-	-
Cultural and recreation	16,109	15,412	13,751	14,067
Grants and donations	425,968	434,681	269,985	257,398
Unrestricted	41,729,688	56,117,047	34,468,809	44,277,694
Total governmental activities net position	$ 404,230,461	$ 392,827,258	$ 403,626,739	$ 450,762,474
Business-type activities				
Net investment in capital assets	$ 233,112,767	$ 330,408,725	$ 340,775,669	$ 370,316,179
Restricted for:				
Use of impact fees	8,806,302	7,564,939	8,995,690	8,407,115
Debt service	5,528,516	5,601,263	4,248,344	4,338,428
Unrestricted	77,348,628	89,167,306	88,825,761	89,348,086
Total business-type activities net position	$ 324,796,213	$ 432,742,233	$ 442,845,464	$ 472,409,808
Primary government				
Net investment in capital assets	$ 513,065,635	$ 582,698,092	$ 609,694,362	$ 690,647,313
Restricted for:				
Use of impact fees	15,507,112	13,257,192	8,995,690	8,407,115
Highways and streets	26,406,329	24,938,952	28,691,743	32,306,475
Debt service	6,813,971	7,001,342	8,355,379	8,232,945
Other capital projects	46,153,392	50,015,128	65,017,451	44,403,282
Public safety	803,777	896,023	601,868	614,384
Community development	513,456	779,686	1,312,903	4,110,258
Court	-	-	-	350,172
Library	242,609	248,630	224,501	203,093
PEG	-	-	-	-
Cultural and recreation	16,109	15,412	13,751	14,067
Grants and donations	425,968	434,681	269,985	257,398
Unrestricted	119,078,316	145,284,353	123,294,570	133,625,780
Total primary governmental net position	$ 729,026,674	$ 825,569,491	$ 846,472,203	$ 923,172,282

Source: Annual Comprehensive Financial Report

Table 1

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 403,719,522	$ 440,381,046	$ 461,843,548	$ 496,467,289	$ 553,954,416	$ 575,424,351
-	-	-	19,459,628	12,534,491	17,703,582
32,618,355	39,325,471	18,494,348	-	-	-
4,605,297	5,550,814	5,964,590	6,147,185	4,999,807	5,439,350
53,624,967	76,097,635	62,137,151	66,401,069	79,624,383	92,104,403
576,119	520,453	439,588	540,844	457,823	458,868
4,553,868	5,082,730	15,361,571	15,261,023	15,794,962	37,571,634
383,860	415,412	530,241	558,328	563,451	531,492
131,231	84,924	-	-	-	-
-	-	1,864,718	2,078,723	2,381,953	1,669,855
10,423	2,628	-	-	-	-
180,313	178,151	415,799	538,225	499,164	491,291
69040330	16,826,562	37,373,891	48,100,768	63,714,215	72,150,340
$ 569,444,285	$ 584,465,826	$ 604,425,445	$ 655,553,082	$ 734,524,665	$ 803,545,166
$ 391,997,298	$ 448,604,533	$ 445,241,220	$ 503,427,839	$ 524,411,432	$ 529,209,550
9,415,280	10,286,227	5,913,858	5,467,274	4,247,524	8,522,636
6,420,315	7,015,666	7,974,994	8,818,206	9,301,316	14,132,648
100,155,117	107,923,617	125,098,478	109,449,958	110,313,189	122,357,301
$ 507,988,010	$ 573,830,043	$ 584,228,550	$ 627,163,277	$ 648,273,461	$ 674,222,135
$ 795,716,820	$ 888,985,579	$ 907,084,768	$ 999,895,128	$ 1,078,365,848	$ 1,104,633,901
9,415,280	10,286,227	5,913,858	24,926,902	16,782,015	26,226,218
32,618,355	39,325,471	18,494,348	-	-	-
11,025,612	12,566,480	13,939,584	14,965,391	14,301,123	19,571,998
53,624,967	76,097,635	62,137,151	66,401,069	79,624,383	92,104,403
576,119	520,453	439,588	540,844	457,823	458,868
4,553,868	5,082,730	15,361,571	15,261,023	15,794,962	37,571,634
383,860	415,412	530,241	558,328	563,451	531,492
131,231	84,924	-	-	-	-
-	-	1,864,718	2,078,723	2,381,953	1,669,855
10,423	2,628	-	-	-	-
180,313	178,151	415,799	538,225	499,164	491,291
169,195,447	124,750,179	162,472,369	157,550,726	174,027,404	194,507,641
$ 1,077,432,295	$ 1,158,295,869	$ 1,188,653,995	$ 1,282,716,359	$ 1,382,798,126	$ 1,477,767,301

City of McKinney, Texas
Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	$ 20,555,978	$ 33,368,297	$ 27,058,274	$ 29,952,269	$ 34,346,612
Police	23,340,362	26,024,709	25,624,335	29,047,393	31,471,552
Fire	21,432,874	22,806,691	23,727,013	25,631,075	27,403,683
Libraries	3,276,383	3,320,179	3,693,705	3,774,409	3,819,963
Development	9,107,096	10,057,171	13,418,166	10,222,464	10,745,301
Parks and recreation	10,370,483	10,415,311	9,377,277	12,526,997	16,517,121
Public works	35,111,875	37,604,682	39,812,246	40,143,368	44,061,044
Interest on long-term debt	8,912,771	8,482,455	8,019,483	9,020,305	8,457,638
Airport	613,513	-	-	-	-
Total governmental activities expenses	132,721,335	152,079,495	150,730,499	160,318,280	176,822,914
Business-type activities:					
Water/Wastewater	52,003,461	55,007,446	60,487,007	69,073,537	74,364,452
Solid Waste	6,486,035	6,280,217	6,860,903	6,861,627	7,386,715
Golf Course	351,556	194,403	198,663	182,383	192,350
Surface Water Drainage	1,660,597	1,934,435	1,911,038	2,098,662	2,771,455
Airport	-	8,601,099.00	8,859,527	9,340,030	9,797,154
Total business-type activities expenses	60,501,649	72,017,600	78,317,138	87,556,239	94,512,126
Total primary government expenses	$ 193,222,984	$ 224,097,095	$ 229,047,637	$ 247,874,519	$ 271,335,040
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	$ 1,492,078	$ 1,467,171	$ 3,842,116	$ 4,327,862	$ 1,734,117
Police	2,797,246	2,552,326	1,757,760	2,033,877	2,894,518
Fire	2,187,476	2,394,449	2,631,057	3,346,928	3,628,262
Libraries	109,709	112,271	108,738	92,746	81,835
Development	7,296,819	7,264,193	9,825,165	10,637,402	13,523,148
Parks and recreation	1,054,194	965,429	1,031,799	1,048,658	3,893,394
Public works	-	-	-	-	218,620.00
Interest on long-term debt	528,000	528,000	-	-	-
Airport	8,325	2,199	-	-	-
Operating grants and contributions	2,459,385	2,446,548	2,051,029	2,011,757	3,302,214
Capital grants and contributions	27,495,901	28,827,649	38,427,242	48,227,810	104,025,218
Total governmental activities program revenues	45,429,133	46,560,235	59,674,906	71,727,040	133,301,326
Business-type activities:					
Charges for Services:					
Water/Wastewater	56,832,659	54,882,881	58,854,349	70,527,096	78,432,191
Solid Waste	6,874,406	7,372,250	7,598,827	8,121,069	8,443,042
Golf Course	116,227	105,854	88,890	34,123	34,516
Surface Water Drainage	1,898,269	1,998,850	2,701,864	3,517,545	3,587,187
Airport	-	4,587,659.00	5,801,175	6,411,460	7,149,114
Operating grants and contributions	-	94,582.00	67,332	54,753	49,752
Capital grants and contributions	14,745,211	96,783,997	18,125,746	30,335,555	30,423,073
Total business-type activities program revenues	80,466,772	165,826,073	93,238,183	119,001,601	128,118,875
Total primary government program revenues	$ 125,895,905	$ 212,386,308	$ 152,913,089	$ 190,728,641	$ 261,420,201

Fiscal Year				
2018	**2019**	**2020**	**2021**	**2022**
$ 35,050,241	$ 38,767,205	$ 46,445,188	$ 55,513,531	$ 54,029,472
34,855,099	38,968,663	40,922,301	41,444,186	44,046,266
31,326,519	34,465,660	38,322,559	40,379,354	41,485,414
3,968,132	4,100,658	4,022,261	4,228,802	4,281,604
11,992,802	12,283,958	12,353,033	13,044,611	14,462,451
20,227,336	20,027,790	19,863,471	20,844,556	23,565,269
47,181,195	50,529,534	47,001,627	48,209,770	51,037,173
7,617,338	8,593,942	8,777,386	8,011,179	9,113,250
-	-	-	-	-
192,218,662	207,737,410	217,707,826	231,675,989	242,020,899
86,521,086	91,546,894	99,507,052	100,401,100	109,779,907
7,640,500	7,705,838	8,095,655	9,213,474	8,626,821
209,085	79,314	77,207	75,678	73,901
2,531,085	3,054,064	3,457,729	3,193,115	3,358,672
11,332,572	12,083,532	10,467,525	12,360,879	18,981,288
108,234,328	114,469,642	121,605,168	125,244,246	140,820,589
$ 300,452,990	$ 322,207,052	$ 339,312,994	$ 356,920,235	$ 382,841,488
$ 8,566,014	$ 5,507,427	$ 7,507,139	$ 9,923,123	$ 8,405,098
137,611	116,205	394,567	337,089	438,976
3,256,577	5,521,682	4,561,198	7,011,184	7,415,356
52,211	53,199	78,573	97,020	108,498
10,753,714	9,752,813	9,225,569	10,512,428	13,902,131
5,465,766	5,963,869	3,551,921	4,523,173	6,320,940
-	-	1,273,241.00	1,217,169	1,370,154
-	-	-	-	-
-	-	-	-	-
2,761,779	3,449,974	15,556,748	12,322,807	10,705,167
50,240,637	36,010,288	45,669,617	71,183,991	57,433,819
81,234,309	66,375,457	87,818,573	117,127,984	106,100,139
91,188,605	92,032,171	102,017,917	104,813,321	123,282,973
8,864,585	8,672,740	8,891,283	9,262,912	9,854,348
31,086	29,642	82,215	90,979	97,525
3,756,789	3,907,784	4,076,939	4,228,166	4,383,775
8,315,001	9,639,761	8,513,417	10,071,788	14,223,722
32,291	50,000	207,000	141,162	198,000
38,937,521	18,828,599	28,014,528	20,499,226	25,059,538
151,125,878	133,160,697	151,803,299	149,107,554	177,099,881
$ 232,360,187	$ 199,536,154	$ 239,621,872	$ 266,235,538	$ 283,200,020

(continued)

City of McKinney, Texas

Changes in Net Position – Continued
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2013	2014	2015	2016	2017
Net (Expenses) Revenue					
Governmental activities	$ (87,292,202)	$ (105,519,260)	$ (91,055,593)	$ (88,591,240)	$ (43,521,588)
Business-type activities	19,965,123	93,808,473	14,921,045	31,445,362	33,606,749
Total primary government net expenses	$ (67,327,079)	$ (11,710,787)	$ (76,134,548)	$ (57,145,878)	$ (9,914,839)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	$ 65,707,908	$ 70,586,659	$ 79,819,213	$ 90,581,621	$ 101,593,480
Sales and use taxes	20,364,397	21,298,884	23,041,949	25,360,264	27,117,534
Franchise taxes	12,759,298	13,630,462	13,858,355	14,162,263	14,790,276
Other taxes and fees	334,465	298,151	434,494	417,981	2,651,192
Investment income	-	-	370,660	1,153,094	2,314,659
Miscellaneous	2,593,617	4,282,531	2,833,951	715,114	11,936,004
Special item	-	-	-	-	-
Transfers	2,854,211	(15,104,793)	2,965,135	336,638	1,596,987
Prior period adjustment	-	-	(21,468,683)	-	-
Total governmental activities	104,613,896	94,991,894	101,855,074	132,726,975	162,000,132
Business-type activities:					
Investment income	662,230	565,121	663,128	1,216,134	1,828,821
Gain(loss) on sale of capital assets	60,150	(851,572)	(92,106)	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	239,486	1,739,619
Transfers	(2,854,211)	15,104,793	(2,965,135)	(3,336,638)	(1,596,987)
Prior period adjustment	-	-	(2,552,917)	-	-
Total business-type activities	(2,131,831)	14,818,342	(4,947,030)	(1,881,018)	1,971,453
Total primary government	$ 102,482,065	$ 109,810,236	$ 96,908,044	$ 130,845,957	$ 163,971,585
Change in Net Position					
Governmental activities	$ 17,321,694	$ (10,527,366)	$ 10,799,481	$ 44,135,735	$ 118,478,544
Business-type activities	17,833,292	108,626,815	9,974,015	29,564,344	35,578,202
Total primary government	$ 35,154,986	$ 98,099,449	$ 20,773,496	$ 73,700,079	$ 154,056,746

Source: Annual Comprehensive Financial Report

Fiscal Year				
2018	**2019**	**2020**	**2021**	**2022**
$ (110,984,353)	$ (141,361,953)	$ (129,889,253)	$ (114,548,005)	$ (135,920,760)
42,891,550	18,691,055	30,198,131	23,863,308	36,279,292
$ (68,092,803)	$ (122,670,898)	$ (99,691,122)	$ (90,684,697)	$ (99,641,468)
$ 107,281,843	$ 116,385,145	$ 123,658,379	$ 128,658,123	$ 136,122,445
29,078,546	30,724,015	34,034,802	39,079,155	45,585,913
16,253,134	16,056,901	15,960,438	16,388,178	18,444,482
338,030	340,802	324,892	300,843	277,450
3,994,843	8,232,558	4,361,646	353,691	(5,656,955)
820,319	692,096	1,442,160	2,336,108	1,409,686
-	(15,533,759)	-	-	-
(20,387,661)	4,426,814	1,338,652	6,403,490	8,758,240
(11,376,160)	-	-	-	-
126,002,894	161,324,572	181,120,969	193,519,588	204,941,261
3,891,835	5,909,199	4,012,688	2,154,417	(1,963,359)
-	-	-	176,395	172,967
-	-	-	-	-
314,024	225,067	62,560	1,319,554	218,014
20,387,661	(4,426,814)	(1,338,652)	(6,403,490)	(8,758,240)
(1,643,037)	-	-	-	-
22,950,483	1,707,452	2,736,596	(2,753,124)	(10,330,618)
$ 148,953,377	$ 163,032,024	$ 183,857,565	$ 190,766,464	$ 194,610,643
$ 15,018,541	$ 19,962,619	$ 51,231,716	$ 78,971,583	$ 69,020,501
65,842,033	20,398,507	32,934,727	21,110,184	25,948,674
$ 80,860,574	$ 40,361,126	$ 84,166,443	$ 100,081,767	$ 94,969,175

(concluded)

City of McKinney, Texas

Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable:					
Inventory	$ 210,392	$ 241,881	$ 331,605	$ 46,072	$ 53,892
Prepaid items	295,637	532,207	852,860	1,253,144	3,279,895
Land held for sale	-	-	-	-	-
Note receivable from component unit	287,500	-	-	-	-
Restricted:					
Law enforcement	-	-	-	-	10,972
Court	-	-	-	350,172	383,860
Assigned:					
APEX	-	-	-	-	-
Capital equip replacement	-	-	-	-	10,155,890
Disaster relief	-	-	-	-	516,552
OPEB	-	2,026,617	2,485,326	2,811,040	3,317,131
Public & performing arts	1,855,500	-	-	-	408,640
Unassigned	48,144,225	39,038,915	45,819,513	61,145,601	62,349,115
Total general fund	$ 50,793,254	$ 41,839,620	$ 49,489,304	$ 65,606,029	$ 80,475,947
All Other Governmental Funds					
Nonspendable:					
Prepaid items	$ 16,174	$ 19,817	$ 48,664	$ 92,305	$ 91,159
Restricted:					
Debt service	2,240,054	2,917,011	2,917,011	3,894,517	4,605,297
Street construction	33,107,139	30,631,205	64,887,370	65,976,278	66,288,158
Other capital projects funds	46,153,392	50,015,128	65,017,451	89,308,763	85,952,066
Law enforcement	768,113	855,456	558,905	564,486	522,618
Fire	35,664	40,567	42,963	49,898	42,529
PEG	-	-	1,493,395	1,825,885	1,334,050
Library	242,609	248,630	224,501	203,093	131,231
Community housing	90,025	85,617	73,787	73,536	227,770
Parks	16,109	15,412	13,751	14,067	10,423
Hotel/Motel	513,456	779,686	1,312,903	2,210,837	2,919,895
Transit	-	-	-	-	72,153
Grants	335,943	349,064	269,985	257,398	180,313
Assigned:					
Capital equip replacement	-	-	-	-	6,642,090
Unassigned, reported in:					
Special revenue funds	-	-	918,558	-	-
Total all other governmental funds	$ 83,518,678	$ 85,957,593	$ 137,779,244	$ 164,471,063	$ 169,019,752

Source: Annual Comprehensive Financial Report

Fiscal Year				
2018	**2019**	**2020**	**2021**	**2022**
$ 44,571	$ 199,357	$ 214,349	$ 222,215	$ 336,703
7,674,570	4,513,569	3,950,805	3,800,850	4,006,302
-	-	-	-	-
-	-	-	-	-
-	24,393	17,489	27,079	36,380
412,412	530,241	558,328	563,451	531,492
-	1,095,519	-	-	-
9,926,152	10,018,610	14,439,146	18,760,715	19,056,739
516,552	516,552	516,552	486,750	581,076
4,374,343	5,511,473	6,565,427	8,571,638	10,638,747
460,935	464,845	387,047	900,228	596,746
53,483,079	60,705,461	68,822,244	76,278,393	79,239,677
$ 76,892,614	$ 83,580,020	$ 95,471,387	$ 109,611,319	$ 115,023,862
$ 96,403	$ 3,843	$ 773,238	$ 96,106	$ 286,586
5,550,814	5,964,590	7,261,008	6,035,844	6,909,083
96,232,002	120,407,707	116,715,835	100,005,803	108,101,186
73,143,080	86,739,600	107,003,994	120,416,305	167,740,343
488,596	503,467	615,743	544,838	547,432
31,857	41,659	41,946	43,228	47,865
1,504,203	1,864,718	2,078,723	2,381,953	1,669,855
84,924	75,015	52,704	39,116	-
224,977	204,597	29,961	26,700	35,202
2,628	109	109	-	-
3,805,453	4,610,787	4,995,846	4,998,878	5,586,819
74,813	183,121	309,696	288,411	304,709
178,151	27,623	41,389	14,315	13,773
7,439,148	-	-	-	-
-	-	(381,595)	-	-
$ 188,857,049	$ 220,626,836	$ 239,538,597	$ 234,891,497	$ 291,242,853

City of McKinney, Texas

Changes in Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2013	2014	2015	2016	2017
REVENUES					
Property taxes	$ 66,252,931	$ 70,362,574	$ 79,955,673	$ 90,670,647	$ 100,499,796
Sales and use taxes	20,335,968	21,278,009	23,041,949	25,360,264	27,117,534
Franchise taxes	12,725,594	13,696,854	13,767,129	14,162,263	14,790,276
Other taxes and fees	-	-	434,494	417,981	353,059
Licenses and permits	8,154,941	8,168,583	10,537,838	11,484,965	14,883,837
Intergovernmental	5,832,483	5,405,262	5,434,807	4,249,380	8,742,283
Charges for services	4,957,547	5,074,643	6,721,752	7,941,488	9,791,668
Fines and forfeitures	2,499,512	2,191,902	2,029,116	2,061,020	2,134,066
Investment income	330,063	291,194	370,660	1,153,094	2,314,659
Contributions	10,030,426	12,053,759	14,229,992	13,117,358	14,274,613
Miscellaneous	282,923	367,552	533,192	715,114	11,936,005
Total revenues	131,402,388	138,890,332	157,056,602	171,333,574	206,837,796
EXPENDITURES					
General government	19,336,330	30,876,833	22,228,405	23,766,504	28,600,730
Police	22,036,551	24,603,118	25,545,773	27,074,194	29,519,229
Fire	19,409,153	21,004,629	22,848,846	23,588,822	24,934,620
Libraries	2,826,451	2,868,747	3,279,002	3,379,840	3,382,296
Development	8,750,307	9,617,376	10,291,439	10,074,158	10,397,360
Parks and recreation	7,504,161	7,804,340	8,072,018	8,977,206	12,822,926
Public works	11,097,574	12,150,458	13,857,657	13,007,662	14,329,110
Airport	613,513	-	-	-	-
Capital outlay	16,299,213	34,224,581	24,259,961	20,225,428	38,130,013
Debt service:					
Principal retirement	10,755,000	10,810,000	13,485,000	16,452,929	18,309,211
Interest and fiscal charges	8,823,139	9,304,662	9,434,720	10,836,635	11,210,643
Total expenditures	127,451,392	163,264,744	153,302,821	157,383,378	191,636,138
Excess (deficiency) of revenues over (under) expenditures	3,950,996	(24,374,412)	3,753,781	13,950,196	15,201,658
OTHER FINANCING SOURCES (USES)					
Other financing source-issuance of long-term debt	24,925,000	56,370,000	45,715,000	57,530,000	21,965,000
Other financing source-issuance of refunding debt	-	-	-	-	-
Deposit to escrow account	(21,716,799)	(27,119,524)	-	(44,520,122)	(24,461,495)
Premium on issuance of debt	3,019,430	3,687,285	-	8,868,878	2,695,707
Proceeds from capital lease	-	-	-	-	-
Proceeds from sale of property	61,977	25,972	28,488	3,436,712	1,648,564
Transfers in	9,866,340	9,022,444	5,027,413	8,778,072	14,421,247
Transfers out	(7,012,129)	(24,127,237)	(2,062,278)	(5,235,192)	(12,255,341)
Total other financing sources (uses)	9,143,819	17,858,940	48,708,623	28,858,348	4,013,682
NET CHANGE IN FUND BALANCES	$ 13,094,815	$ (6,515,472)	$ 52,462,404	$ 42,808,544	$ 19,215,340
Debt service as a percentage of noncapital expenditures	17.6%	15.6%	17.8%	19.9%	19.2%

Source: Annual Comprehensive Financial Report

Fiscal Year				
2018	**2019**	**2020**	**2021**	**2022**
$ 107,623,520	$ 116,119,443	$ 123,582,887	$ 128,375,111	$ 136,250,451
29,078,546	30,724,015	34,034,802	39,079,155	45,585,913
16,167,036	16,071,697	15,992,927	16,372,451	18,335,672
338,030	340,802	324,892	300,843	277,450
11,495,904	10,621,061	10,280,327	11,139,206	14,758,350
5,060,919	8,023,758	21,000,522	24,285,816	19,467,813
11,218,065	14,010,421	11,993,140	16,146,813	17,535,165
2,105,678	1,977,485	1,083,305	1,188,076	1,427,591
3,994,843	8,232,558	4,361,646	353,691	(5,823,905)
16,539,875	14,441,202	23,528,430	15,584,880	26,070,320
820,319	692,096	1,407,669	2,043,062	1,409,687
204,442,735	221,254,538	247,590,547	254,869,104	275,294,507
29,039,706	33,980,586	42,185,516	46,768,322	47,384,791
33,382,794	35,807,519	37,706,173	39,463,178	42,943,856
27,961,499	30,805,408	34,353,873	37,275,608	39,498,489
3,533,097	3,624,482	3,530,954	3,835,700	3,721,149
11,670,785	11,789,924	11,911,476	12,754,482	14,393,701
15,349,806	14,308,835	14,517,672	15,746,290	17,980,911
15,961,755	19,608,279	15,719,389	15,274,954	16,916,261
-	-	-	-	-
36,517,520	54,653,933	74,216,993	104,058,039	85,054,367
22,096,915	26,000,736	30,472,459	28,365,000	29,437,830
10,523,333	11,431,733	11,986,567	12,184,861	12,513,081
206,037,210	242,011,435	276,601,072	315,726,434	309,844,436
(1,594,475)	(20,756,897)	(29,010,525)	(60,857,330)	(34,549,929)
30,875,000	59,055,000	48,375,000	54,940,000	79,560,000
-	-	19,225,000	14,257,385	-
-	(17,041,496)	(22,303,303)	(14,286,145)	-
2,101,985	7,684,725	11,835,261	3,748,851	3,834,614
-	4,600,000	-	-	-
253,724	332,871	447,122	3,286,581	110,974
6,775,730	12,770,820	18,689,070	26,199,244	23,019,376
(22,158,000)	(8,187,830)	(16,350,418)	(17,795,754)	(10,211,136)
17,848,439	59,214,090	59,917,732	70,350,162	96,313,828
$ 16,253,964	$ 38,457,193	$ 30,907,207	$ 9,492,832	$ 61,763,899
19.2%	20.0%	21.0%	19.2%	18.7%

City of McKinney, Texas **Table 5**

Assessed Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farms Property	Less: Tax-Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate
2013	$ 8,191,878,816	$ 2,813,905,174	$ 1,167,916,179	$ 1,145,549,714	$ 12,173,700,169	0.58550
2014	8,912,765,220	2,923,157,524	1,197,788,548	2,104,215,838	13,033,711,292	0.58550
2015	10,330,477,753	3,120,649,093	1,331,499,993	1,308,701,373	14,782,626,839	0.58300
2016	12,029,014,758	3,398,536,705	1,406,368,521	1,506,353,094	16,833,919,984	0.58300
2017	13,788,110,133	3,684,032,886	1,544,443,201	1,714,554,267	19,016,586,220	0.57300
2018	15,746,203,971	4,019,370,476	1,745,114,030	2,156,646,234	21,510,688,477	0.54020
2019	17,585,844,495	4,485,613,005	1,741,806,959	2,237,471,428	23,813,264,459	0.52517
2020	18,893,447,506	5,119,490,210	1,619,160,306	2,385,536,687	25,632,098,022	0.51560
2021	19,928,626,500	5,420,142,193	1,501,115,601	2,459,681,950	26,849,884,294	0.50865
2022	21,702,858,671	5,840,901,418	1,363,616,306	2,517,179,509	28,907,376,395	0.49766

Source: City of McKinney Budget Document
Collin Central Appraisal District

Note: Property in Collin County is reassessed once every five years on average.
The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls
Fiscal Year reports Certified Tax Report from prior calendar year

City of McKinney, Texas

Table 6

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates							
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McKinney Independent School District	Allen Independent School District	Frisco Independent School District	Melissa Independent School District	Prosper Independent School District	Love Joy Independent School District	Collin County	Collin College District
2013	0.41220	0.17330	0.58550	1.54000	1.67000	1.46000	1.54000	1.67000	1.53500	0.24000	0.08630
2014	0.42179	0.16371	0.58550	1.67000	1.67000	1.46000	1.54000	1.67000	1.53500	0.23750	0.08364
2015	0.41544	0.16756	0.58300	1.67000	1.64000	1.46000	1.54000	1.67000	1.56000	0.23500	0.08196
2016	0.40997	0.17303	0.58300	1.67000	1.61000	1.46000	1.67000	1.67000	1.56000	0.22500	0.08196
2017	0.40177	0.17123	0.57300	1.62000	1.59000	1.46000	1.67000	1.67000	1.67000	0.20840	0.08122
2018	0.37561	0.16459	0.54020	1.62000	1.57000	1.46000	1.67000	1.67000	1.67000	0.19225	0.07981
2019	0.36239	0.16278	0.52517	1.59000	1.55000	1.44000	1.67000	1.67000	1.67000	0.18079	0.08122
2020	0.35539	0.16021	0.51560	1.48835	1.45890	1.33830	1.56835	1.56835	1.56835	0.17495	0.08122
2021	0.35471	0.15393	0.50865	1.47470	1.43250	1.31020	1.46300	1.49270	1.55470	0.17253	0.08122
2022	0.34552	0.15214	0.49766	1.37670	1.40680	1.26720	1.46030	1.46030	1.50500	0.16809	0.08122

Source: Collin Central Appraisal District

City of McKinney, Texas **Table 7**

Principal Tax Payers

Current Year and Ten Years Ago (Unaudited)

	2022			2013		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[a]**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value[b]**
Encore Wire Corporation	$ 265,031,941	1	0.92%	$ 109,550,741	1	0.90%
Craig Ranch PTMFA I LP (Parkside At Craig Ranch)	245,933,210	2	0.85%	-		-
Raytheon TI Systems	195,748,719	3	0.68%	73,775,226	2	0.61%
WMCI Dallas VI LLC	112,000,000	4	0.39%	-		-
Columbia Medical Center of McKinney	91,802,934	5	0.32%	58,018,725	3	0.48%
BT-JV MS LLC	88,250,000	6	0.31%	-		-
Oncor Electric Delivery Co.	80,642,017	7	0.28%	50,747,143	4	0.42%
Saxon Lennox LLC & Saxon 3833 Brookstone LLC	69,900,000	8	0.24%	-		-
NREA Retreat DST	67,767,895	9	0.23%	-		-
Fairways Wilson Creek Apartments LLC	64,882,553	10	0.22%	-		-
McKinney Towne Crossing LP	-		-	37,583,640	5	0.31%
Covington Cameron Acquisition LLC	-		-	37,213,122	6	0.31%
West Eldorado TX Partners LLC (Saxon Woods)	-		-	34,166,833	7	0.28%
Western Rim Investors	-		-	32,686,091	8	0.27%
Council 380 LLC	-		-	32,192,200	9	0.26%
Lowe's Home Improvement	-		-	32,112,196	10	0.26%
Total	$ 1,281,959,269		4.43%	$ 498,045,917		4.09%

Source: Collin County Tax Assessor and Collector

Notes: [a] Taxpayers are assessed on January 1, 2021 (2021 tax year) for the 2022 fiscal year.
[b] Taxpayers are assessed on January 1, 2012 (2012 tax year) for the 2013 fiscal year.

City of McKinney, Texas **Table 8**

Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Amount	Percentage of levy	Collections in Subsequent Years	Amount	Percentage of levy
2013	$ 65,382,528	$ 64,302,483	98.35%	$ 1,044,739	$ 65,347,222	99.95%
2014	70,570,409	69,377,804	98.31%	1,149,877	70,527,681	99.94%
2015	79,073,702	78,046,228	98.70%	979,177	79,025,404	99.94%
2016	89,449,760	88,635,948	99.09%	747,476	89,383,424	99.93%
2017	99,382,213	98,638,066	99.25%	670,760	99,308,826	99.93%
2018	106,088,440	105,628,137	99.57%	378,367	106,006,504	99.92%
2019	115,647,363	114,771,851	99.24%	646,927	115,418,778	99.80%
2020	123,181,825	122,267,894	99.26%	668,738	122,936,632	99.80%
2021	127,163,182	126,761,242	99.68%	389,625	127,150,867	99.99%
2022	134,213,315	133,855,680	99.73%	-	133,855,680	99.73%

Source: Collin County Tax Assessor and Collector

City of McKinney, Texas **Table 9**

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2013	$ 132,770,000	$ 65,835,000	$ -	$ 13,003,078	$ 68,980,000	$ 1,637,718	$ 282,225,796	6.20%	$ 2,004
2014	144,245,000	68,875,000	4,910,000	8,353,993	64,415,000	1,786,567	292,585,560	6.00%	1,969
2015	192,241,210	66,151,279	5,031,638	1,732,249	66,009,020	-	331,165,396	6.50%	2,135
2016	210,133,796	54,330,000	3,792,501	1,379,321	79,937,575	-	349,573,193	6.36%	2,159
2017	202,283,166	43,080,000	2,540,676	1,095,110	114,746,638	-	363,745,591	6.16%	2,161
2018	213,360,338	41,200,000	1,276,423	803,196	119,652,993	-	376,292,950	5.97%	2,093
2019	242,236,416	35,045,000	-	4,552,459	148,292,986	-	430,126,861	5.88%	2,290
2020	272,681,323	32,330,000	-	-	161,152,389	-	466,163,712	6.02%	2,386
2021	314,887,191	17,275,000	-	-	184,308,370	-	516,470,561	6.48%	2,602
2022	367,261,598	15,170,000	-	-	235,709,035	-	618,140,633	7.00%	2,991

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 14 for personal income and population data.

City of McKinney, Texas **Table 10**

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Less: Amounts Restricted for Debt Service	Net		
2013	$ 132,770,000	$ 65,835,000	$ -	$ 1,285,455	$ 197,319,545	1.62%	$ 1,410
2014	144,245,000	68,875,000	4,910,000	2,104,797	215,925,203	1.66%	1,468
2015	192,241,210	66,151,279	5,031,638	4,107,035	259,317,092	1.75%	1,698
2016	210,133,796	54,330,000	3,792,501	3,894,517	264,361,780	1.57%	1,657
2017	202,283,166	43,080,000	2,540,676	4,605,297	243,298,546	1.28%	1,472
2018	213,360,338	41,200,000	1,276,423	5,550,814	250,285,947	1.16%	1,423
2019	242,236,416	35,045,000	-	5,964,590	271,316,826	1.14%	1,476
2020	272,681,323	32,330,000	-	6,147,185	298,864,138	1.17%	1,561
2021	314,887,191	17,275,000	-	4,999,807	327,162,384	1.22%	1,673
2022	367,261,598	15,170,000	-	5,439,350	376,992,248	1.30%	1,851

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 5 for property value data.
[b]See Table 14 for population data.

City of McKinney, Texas **Table 11**

Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.5855	0.5855	0.5830	0.5830	0.5730	0.5402	0.5252	0.5156	0.5086	0.4977
Available Tax Rate	$ 1.91	$ 1.91	$ 1.92	$ 1.92	$ 1.93	$ 1.96	$ 1.97	$ 1.98	$ 1.99	$ 2.00

Note: The City Charter of the City of McKinney, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

City of McKinney, Texas **Table 12**

Direct and Overlapping Governmental Activities Debt
September 30, 2022 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	McKinney Share of Overlapping Debt
Debt repaid with property taxes			
McKinney ISD	$ 533,850,000	73.32%	$ 391,418,590
Collin College District	556,523,582	13.44%	74,816,765
Collin County	543,645,000	13.46%	73,172,195
Allen ISD	681,931,320	8.53%	58,160,896
Frisco ISD	2,294,677,977	13.01%	298,479,958
Melissa ISD	318,855,000	6.18%	19,693,013
Prosper ISD	1,365,089,138	18.41%	251,327,390
Lovejoy ISD	146,105,000	2.11%	3,075,785
Subtotal, overlapping debt	6,440,677,017		1,170,144,594
City of McKinney (direct debt)	382,431,598	100.00%	382,431,598
Total direct and overlapping debt			$ 1,552,576,192

Source: Assessed value data used to estimate applicable percentages provided by Collin County Central Appraisal District. Debt outstanding data provided by each governmental unit.

Note: [a] The percentage of overlapping debt applicable is estimated using taxable assessed property values (before freeze loss). Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of McKinney, Texas **Table 13**

Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2013	$ 57,208,779	$ 41,360,736	$ 15,848,043	$ 4,523,586	3.50
2014	55,313,403	44,364,584	10,948,819	4,155,783	2.63
2015	59,442,114	49,810,061	9,632,053	4,110,810	2.34
2016	71,714,020	57,597,770	14,116,250	4,861,938	2.90
2017	80,127,546	61,991,651	18,135,895	7,052,254	2.57
2018	94,797,855	71,430,215	23,367,640	7,357,075	3.18
2019	97,348,390	75,818,700	21,529,690	9,099,568	2.37
2020	105,594,093	82,259,416	23,334,677	9,738,690	2.40
2021	108,043,200	82,110,691	25,932,509	11,024,573	2.35
2022	120,929,964	88,930,124	31,999,840	14,785,089	2.16

Note: [a]Includes operating and investment income.
[b]Includes operating expenses minus depreciation.
[c]Includes Principal and Interest (represents average annual requirement)

City of McKinney, Texas **Table 14**

Demographic and Economic Statistics
Last Ten Calendar Years (Unaudited)

Year	Estimated Population[a]	Personal Income[b]	Per Capita Personal Income[e]	Median Age[e]	Median Household Income[d]	School Enrollment[c]	Unemployment Rate[d]
2013	140,826	$ 4,550,088,060	$ 32,310	33.6	$ 79,171	24,533	5.60%
2014	148,559	4,880,014,591	32,849	30.6	81,118	24,791	4.50%
2015	155,142	5,096,259,558	32,849	33	81,118	24,765	3.40%
2016	161,905	5,495,217,605	33,941	33.3	82,988	24,827	3.60%
2017	168,358	5,906,672,072	35,084	34.6	83,257	25,992	3.30%
2018	179,804	6,308,243,536	35,084	35.9	93,546	24,666	3.30%
2019	187,802	7,314,700,098	38,949	36.4	90,725	24,717	3.00%
2020	195,342	7,740,817,434	39,627	37.0	89,828	24,590	6.50%
2021	198,507	7,972,239,627	40,161	37.2	93,354	23,394	3.70%
2022	206,654	8,833,631,884	42,746	37.0	98,317	23,506	3.10%

Sources: [a] Source Data: McKinney Planning Department as of January 1st for each respective year.
[b] Personal income calculated by multiplying estimated population by per capita personal income.
[c] Source Data: McKinney Independent School District
[d] Source Data: Texas Workforce Commission for month ending September
[e] Source Data: US Census Bureau

City of McKinney, Texas **Table 15**

Principal Employers
Current and Ten Years Ago (Unaudited)

	2022			2013		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Raytheon Intelligence and Space	4,347	1	4.08%	3,600	1	5.41%
McKinney ISD	2,749	2	2.58%	3,400	2	5.11%
Collin County	1,964	3	1.84%	1,800	3	2.71%
Globe Life	1,600	4	1.50%			-
Independent Financial	1,600	7	1.50%			-
City of McKinney	1,428	5	1.34%	897	7	1.35%
Encore Wire Corporation	1,325	6	1.24%	1,000	5	1.50%
Collin College	1,064	8	1.00%	600	9	0.90%
Baylor	700	9	0.66%	550	10	0.83%
Medical City McKinney	670	10	0.63%	938	6	1.41%
Torchmark / United American Ins.			-	1,100	4	1.65%
Watson & Chalin			-	800	8	1.20%
Total	17,447		16.36%	14,685		22.08%

Source: Top Ten Employer data provided by McKinney Economic Development Corporation, McKinney ISD, Collin College. Total City Employment provided by Texas Workforce Commission (TWC).

City of McKinney, Texas **Table 16**

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
General government	98.5	101.5	109.8	121.8	124.0	131.0	134.0	143.5	148.0	151.5
Police	219.0	236.0	238.0	244.0	261.0	275.0	289.0	298.0	304.0	317.0
Fire	167.5	171.5	174.5	188.0	191.0	195.0	221.0	227.0	229.0	239.0
Libraries	38.6	38.6	40.0	41.0	41.0	41.0	42.9	44.8	45.8	47.1
Development	82.5	92.0	95.0	96.0	101.5	109.5	113.5	116.5	118.0	123.0
Parks and recreation	87.0	87.0	91.8	147.4	155.9	192.3	202.9	207.4	212.4	238.4
Public works	61.4	66.9	71.1	75.8	74.5	78.5	83.5	88.0	91.5	96.0
Water/wastewater	73.0	77.4	80.6	94.6	103.1	109.5	117.0	127.5	140.5	143.5
Surface water drainage	11.0	14.3	14.3	15.3	16.5	16.5	18.5	22.0	23.0	23.0
Solid Waste	12.0	13.0	13.0	13.0	14.5	16.0	16.5	20.5	20.5	19.5
Airport	-	23.0	23.5	23.0	24.0	24.0	25.0	29.0	29.0	30.0
Total[a]	850.5	921.1	951.5	1,059.9	1,107.0	1,188.3	1,263.8	1,324.2	1,361.7	1,428.0

Source: City of McKinney Budget Book

[a] Excludes: Economic Development (MEDC), Community Development (MCDC), and Visitor's Bureau (MCVB) employees

City of McKinney, Texas

Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2013	2014	2015	2016	2017
Police					
Number of police officers	187	188	192	193	209
Number of violations (citations)	14,944	16,966	14,524	13,380	17,504
Fire					
Number of fire fighters	159	161	162	177	183
Number of fire suppression runs	3,716	4,571	4,828	3,373	3,700
Number of EMS runs	6,613	7,170	7,642	9,537	10,333
Development Services					
Construction permits issued[a]	1,897	1,680	2,072	2,323	2,758
Estimated valuation[a]	$ 790,302,673	$ 687,820,980	$ 972,479,911	$ 1,013,504,432	$ 1,312,108,523
Public Works					
Streets paved (miles)	13	4	4	3	6
Street signs repaired/installed	1,299	1,750	2,979	1,483	835
Parks and Recreation					
Park land and municipal acreage maintained	1,834	1,834	1,834	1,857	1,834
Rounds of golf	35,121	31,400	28,500	27,314	27,138
Library					
Volumes in collection[b]	232,814	232,814	223,674	217,402	210,936
Annual circulation	1,205,789	1,205,789	1,401,625	1,640,857	1,741,330
Water and Wastewater					
Number of water customers	46,791	49,456	51,636	52,922	56,512
Average daily water consumption (millions of gallons)	26.7	24.0	25.3	28.8	28.8
Maximum storage capacity (million of gallons)	44.0	46.0	48.0	62.0	62.0
Solid Waste					
Recyclables collected (tons)[c]	21,675	23,480	19,723	19,991	22,390
Solid waste collected (tons)	123,928	127,467	138,488	135,425	141,923
Airport[d]					
AvGas Gallons Sold	-	-	158,549	186,763	202,756
Jet Fuel Gallons Sold	-	-	986,105	1,167,799	1,180,926
Aircraft Operations	-	-	105,232	118,684	132,349

Source: City Departments

Note:
[a] Includes residential, commercial & vertical mixed-use permits for new buildings and additions; does not include minor additions and alterations.
[b] Includes books and media.
[c] Recyclable material, by definition, comprises both MRF tons (residental and commerical) and compost tons.
[d] Acquired airport fixed based operations (FBO) in FY14. First full year of airport FBO recorded in FY15.

Table 17

Fiscal Year				
2018	2019	2020	2021	2022
209	218	226	230	241
13,767	12,393	7,206	8,397	8,600
186	208	209	218	222
4,753	4,283	4,952	6,147	5,448
10,297	10,965	9,866	11,552	12,447
2,582	1,900	1,774	2,140	1,455
$ 1,111,169,537	$ 1,090,531,103	$ 995,378,013	$ 903,054,440	$ 1,358,727,465
2	5	7	5	2
1,330	1,036	1,800	788	867
1,952	2,000	2,754	3,187	3,260
23,958	22,300	38,718	41,226	44,198
209,120	200,996	202,473	205,570	213,070
1,820,255	1,869,938	1,032,887	1,551,370	1,660,522
58,955	60,730	62,398	64,617	66,234
32.2	33.2	33.3	32	35
62.0	62.0	62.0	70	70
28,550	23,815	21,877	25,136	25,589
148,247	146,859	147,295	153,942	154,287
211,833	237,586	202,061	184,989	226,267
1,272,211	1,438,943	1,122,852	1,271,984	1,585,860
154,492	157,523	140,867	134,880	143,697

City of McKinney, Texas

Table 18

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units[a]	126	141	153	153	144	151	153	157	159	181
Motorcycle Units	7	7	9	9	7	8	8	9	7	7
Skywatch Towers	2	2	2	2	2	2	3	2	2	2
Trailers	-	4	8	8	9	5	6	4	2	6
Fire										
Stations	8	8	8	8	8	9	9	10	10	10
Public Works										
Streets-Paved (miles)[c]	778.0	823.0	823.0	1,200.0	1,400.0	792.0	1,389.7	1,433.4	1,423.9	1,495.5
Streets-Graded (miles)[c]	16.0	15.6	16.8	16.8	10.1	10.1	191.1	220.9	187.9	183.5
Streets-Unimproved (miles)	14.0	3.5	1.4	1.4	2.5	16.9	21.6	40.6	33.6	35.5
Alleys (miles)	71.2	78.0	78.0	73.0	73.0	71.3	74.8	74.8	77.2	77.7
Street lights (Including US 75)	6,147	6,333	6,776	6,790	6,790	7,651	8,682	9,167	9,293	9,742.0
Parks and Recreation										
Park Acreage	2,432	2,247	2,247	2,310	2,396	2,509	2,509	2,550	2,830	2,903
Public Parks	40	40	40	41	41	40	44	44	44	48
Community/Recreation Centers	3	3	3	3	4	4	4	4	4	4
Public Swimming Pools	3	3	3	3	4	4	4	4	4	4
Splash Pads	7	7	7	8	8	8	9	9	9	10
Baseball/Softball Diamonds	27	27	27	27	27	27	27	27	27	24
Tennis Courts	13	13	13	13	13	13	23	24	24	24
Soccer Fields (regulation size)	22	22	22	22	22	22	22	25	25	24
Disc Golf Course	2	2	2	2	2	2	2	2	2	2
Dog Park	-	1	1	1	1	1	1	1	1	2
Skate Park	1	1	1	1	1	1	1	1	1	1
Ice Rink[b]	1	1	1	1	1	1	1	1	1	2
Municpial Golf Course[b]	1	1	1	1	1	1	1	1	1	1
Library	2	2	2	2	2	2	2	2	2	2
Water and Wastewater										
Storage capacity (million gallons)	46.0	46.0	48.0	62.0	62.0	62.0	62.0	62.0	70.0	71.0
Water Mains (miles)	820.0	1,020.0	826.0	868.0	928.0	960.0	979.0	999.0	1,025.0	1,049.9
Fire Hydrants	7,734	7,823	8,030	8,384	9,042	9,466	9,769	10,173	10,530	10,848.0
Storm Sewer (miles)	406.0	428.0	430.0	450.0	483.0	499.0	520.0	532.5	576.6	590.5
Sanitary Sewers (miles)	662.0	672.0	628.0	653.0	693.0	713.0	718.5	731.0	741.0	757.4
Airport	1	1	1	1	1	1	1	1	1	1
Dedicated airport property (acres)	745	745	745	745	774	774	935	935	935	935
Runway length (ft) x width (ft)	7,002x150	7,002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150

Source: City Departments

Note: [a] Per Police Department
[b] City owned, privately operated
[c] Changed from lane miles to center lane miles in FY19

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